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# Daily Report—

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## China

FBIS-CHI-95-017  
Thursday  
26 January 1995

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# Daily Report

## China

FBIS-CHI-95-017

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## General

### Foreign Ministry Holds Weekly News Conference

#### IPR Agreement Requires 'Joint Effort'

HK2601090695 Hong Kong AFP in English 0855 GMT  
26 Jan 95

[FBIS Transcribed Text] Beijing, Jan 26 (AFP)—U.S. and Chinese officials played up Thursday efforts to seek consensus over their copyright row but gave little indication of any breakthrough in talks aimed at avoiding a trade war over the issue.

"The two sides have held serious and businesslike discussions on issues left over from the first phase of the negotiations," said Chinese foreign ministry spokesman Shen Guofang, referring to talks last week that adjourned Saturday.

The negotiations, aimed at reaching a consensus on protection of intellectual property rights (IPR) by February 4 in order to head off threatened U.S. trade sanctions worth more than one billion dollars, resumed Tuesday. China has threatened retaliatory measures if sanctions are imposed, including a halt to automobile joint venture talks and higher tariffs on goods from cassette tapes to cigarettes and alcoholic beverages.

"Right now the talks are still underway and both sides have indicated their desire to continue their work to narrow and finally settle the dispute between the two countries," Shen told a weekly news briefing. "The discrepancy is not very big," he said, expressing confidence that agreement could be reached if negotiators approached the talks in accordance with the principles of "calmness, single-mindedness and seeking truth from facts." "However, an agreement calls for joint effort from both sides," he said.

U.S. Trade Representative Mickey Kantor said Wednesday in Washington that although some progress had been made in the talks here, it was "not enough" to satisfy U.S. demands. However a U.S. Embassy spokesman quoted negotiators Thursday as saying that "we are having constructive discussions. We are working through the issues one by one and the discussions are continuing." He said "nobody knows" how long the talks would continue.

The United States is pressing the Chinese to clamp down on the proliferation of pirated products that are allegedly costing U.S. businesses more than one dollars a year. [sentence as received] Some 96 percent of software products sold in China are pirated, while 95 percent of some 80 million fake compact discs made in 29 plants in the south of the country are exported, U.S. officials say. Washington has already drawn up a preliminary list of 2.8 billion dollars of Chinese imports in 23 categories that may face sharply increased tariffs if sanctions are imposed.

A Chinese official said Wednesday that threatened sanctions would have little impact on a country as vast as China, reiterating Beijing's view that the United States would come off worst in a trade war.

Shen warned Thursday that "the two sides should have a clear idea of the importance of the settlement of this dispute on the improvement and development of Sino-U.S. relations."

At two days of public hearings in Washington this week to seek the views of U.S. business on imposing sanctions, several representatives sided with China, saying the move would harm U.S. industry without changing Beijing's policy. However others, notably software manufacturers, urged Washington to impose the toughest sanctions possible.

#### More on Joint Efforts

OW2601094495 Beijing XINHUA in English 0934  
GMT 26 Jan 95

[FBIS Transcribed Text] Beijing, January 26 (XINHUA)—China wishes to solve the existing problems with the United States on the issue of intellectual property rights [IPR] through consultations on the basis of equality and mutual respect.

But to reach an agreement needs efforts from both sides, said Shen Guofang, a spokesman for the Chinese Foreign Ministry, at a weekly news conference here this afternoon.

While answering a question, Shen said that the Sino-U.S. negotiations on intellectual property rights re-opened here on January 24 after two days' suspension.

He said that the two sides held earnest and practical discussions on the problems left over from the first stage talks.

At present, the negotiations are still under way, he said, adding that the two sides agreed to continue their work and strive to reduce existing differences and finally solve them.

#### Aviation Agreement Viewed

OW2601100795 Beijing XINHUA in English 0954  
GMT 26 Jan 95

[FBIS Transcribed Text] Beijing, January 26 (XINHUA)—A foreign ministry spokesman said here today that "we, in principle, do not oppose consultations between Taiwan and Hong Kong airlines on the renewal of their aviation agreement."

However, the spokesman pointed out, any aviation transport arrangement between airlines of the two places involving issues straddling over the year 1997 must be subjected to prior approval of the relevant departments of the Central People's Government of the People's Republic of China.

The spokesman made the remarks at a weekly press conference here this afternoon when asking a question.

He noted that the arrangement on civil aviation transportation between Taiwan and Hong Kong was made in accordance with an agreement signed between airlines of these two places.

"We are of the view that continuing to maintain this civil aviation transportation arrangement is beneficial to economic development and personnel exchanges between these two places," the spokesman said.

#### **Comments on Final Appeals Court**

*OW2601110395 Beijing XINHUA in English 1051  
GMT 26 Jan 95*

[FBIS Transcribed Text] Beijing, January 26 (XINHUA)—A Chinese Foreign Ministry Spokesman today reaffirmed China's consistent stand on the establishment of the court of final appeal in Hong Kong. When asked to comment on Hong Kong Governor Chris Patten's recently expressed hope for the setting-up of the court of final appeal before 1997 at a press conference, the spokesman said: "China's consistent position is that the agreement of principle on the composition of the Court of Final Appeal reached in 1991 between China and Britain should be strictly observed".

He stressed that the setting-up of the final appeal court in Hong Kong before 1997 should conform to the relevant stipulations of the Basic Law of the future Hong Kong Special Administrative Region.

The two sides should hold overall consultations in handling existing issues, the spokesman added.

"When we see that this issue hasn't been completely settled," the spokesman said, "the responsibility is not on the Chinese side."

#### **DPRK Confirms U.S. Implementing Nuclear Accord**

*OW2501154795 Beijing XINHUA in English 1148  
GMT 25 Jan 95*

[FBIS Transcribed Text] Pyongyang, January 25 (XINHUA) - The United States has taken a series of measures to implement the nuclear accord reached last October with the Democratic People's Republic of Korea, a DPRK foreign ministry spokesman said in a news release today.

The Korean Central News Agency quoted the release as saying that the U.S. had shipped 50,000 tons of heavy oil to the DPRK's northeastern port of Sonbong as required by the accord. The U.S. State Department had also announced moves lifting its communication, financial, and economic and trade restrictions against the DPRK.

Under the framework accord signed in Geneva last year, the DPRK would shut down its graphite-moderated reactor in exchange for heavy oil and the lifting or easing of the U.S. sanctions against it.

This was the first time since the signing of the accord that the DPRK authorities confirmed the U.S. Implementing of the deal.

#### **'Roundup' on U.S. Envoy's Diplomatic Efforts in Cyprus**

*OW2601000695 Beijing XINHUA in English 1955  
GMT 25 Jan 95*

[“Roundup” by Huang Jianming: “U.S. Envoy’s Mission on Cyprus Issue Ends With Empty Hands”]

[FBIS Transcribed Text] Nicosia, January 25 (XINHUA)—Richard Beattie, a newly-appointed U.S. Presidential emissary, left here today after five-day shuttle diplomacy in new efforts to revive the deadlocked U.N.-sponsored Cyprus peace talks.

Observers here, however, noted that Beattie failed to bridge the gap between the Greek and Turkish Cypriot sides on the main issues concerning the Cyprus problem. The sharp differences are still existing between the two communities in Cyprus.

Speaking at a press conference before his departure today, the American envoy admitted that at this point "much work remains to be done to narrow the gaps on the issues so that we have a common basis for an agreement."

He added that he had no illusions regarding the difficulties of the task before him. To achieve success, "it will require compromises by all the parties involved," he emphasized.

Beattie, who arrived here Saturday [21 January], was accompanied by the U.S. State Department special coordinator on Cyprus, James Williams.

His mission, as U.S. Secretary of State Warren Christopher said, was "to breathe new life into the negotiating process" on Cyprus issue.

During his visit, Beattie shuttled between the government-controlled and Turkish-held capital of Nicosia, and had two separate meetings with President Glavkos Klerides and Turkish Cypriot leader Rauf Denktash [spelling of name as received], during which he conveyed letters from President Bill Clinton to the two leaders.

Clinton, in his letters, called on the two communities on the Island to work together to achieve an overall solution to the Cyprus problem.

He reiterated his government's position that the U.S. would like to see a bizonal, bicultural federation in which the two political communities can exist as a single state.

He urged the two leaders to strive for concrete steps—specifically, the opening of Nicosia International Airport and Varosha and implementation of the other U.N.-proposed Confidence Building Measures (CBMs) which will facilitate progress on the overall issues.

Clinton also asked them to explore creative ways by which military tensions might be reduced.

Just one day before Beattie's arrival in Cyprus, Turkish Cypriot leader Denktash released a 14-point text in which he put forward a set of proposals on settlement of the Cyprus problem.

Denktash insisted that the U.N.-proposed CBMs should be implemented before talks on the substance of the problem, and the discussion of the subject of the Federal Republic's European Union (EU) membership should take place as soon as an agreement is reached on a bicomunal and bizonal federal solution.

The Turkish Cypriot leader also called for establishment of a federation similar to the Swiss cantonal system whereby there is a single sovereignty emanating from the cantons.

However, President Kleridhis, in his reply statement the next day, rejected Denktash's proposals.

He said that "the Greek Cypriot side does not accept that the issue of joining the EU is a matter to be discussed as soon as an agreement is reached on a bizonal, bicomunal federal solution."

He also disagreed with the discussion of the CBMs before talks on the substance of the problem.

Kleridhis reiterated that the Greek Cypriot side is willing to engage in a new negotiation process on the substance of the Cyprus problem as soon as sufficient ground has been established on the main issues.

Facing these differences, the American envoy shuttled between the two sides, but he could not bring the two communities closer on the common ground on Cyprus problem.

Commenting on Beattie's mediation results, government spokesman Yiannakis Cassoulides said Wednesday that "there is a deadlock."

The spokesman reiterated the government's position that it will not agree to any CBMs unless common ground is reached between the two sides.

Cyprus was divided into Greek Cypriot south and Turkish Cypriot north in 1974 when Turkey militarily intervened and seized 37 percent of northern Island following a short-lived Greek Cypriot coup seeking union with Greece.

The U.N.-sponsored peace talks between the two sides have been held on and off for the past 20 years, but all these efforts have failed to produce any tangible results.

The U.S. new peace initiative was launched earlier this year following the failure of the UN attempts through informal consultations to revive a dialogue between the two sides last October.

U.S. Assistant Secretary Richard Holbrooke visited the island earlier this month with same purpose, but his mediation effort also got cool response from the two sides.

Diplomatic sources here said that the U.S. active involvement on Cyprus issue is part of its efforts to reduce tension in Southern Europe and to resolve a dispute which might cause conflict between Greece and Turkey.

## Northeast Asia

### Official Says Li Peng May Visit Japan

OW2501124095 Tokyo KYODO in English 1157 GMT  
25 Jan 95

[FBIS Transcribed Text] Beijing, Jan. 25 KYODO—Chinese Vice Foreign Minister Tang Jiaxuan said Wednesday [25 January] that during this year's 50th anniversary of the end of the "anti-Japanese war," the goal of several commemorative activities will be to enhance patriotic education, not to harm Japanese-Chinese relations.

"We hope our relations with Japan and other countries will continue to improve, (and) our foreign policy of peaceful coexistence will not change," Tang told a group of Japanese journalists, while indicating that such activities could in no way start any anti-Japanese demonstrations.

Tang said Japan's interpretation of history and Japanese-Taiwan relations represented the hot spots in Sino-Japanese relations, while adding that the possibility of more economic conflicts could also increase in the future.

Last year China expressed concerns over political forces in Japan which called the war of invasion "a correct war" and which believe relations with Taiwan should be strengthened.

Direct reasons for China's anxiety concern indiscreet remarks made by several Japanese ministerial level officials last year denying the existence of the Nanjing massacre.

Furthermore, the Japanese Government ignored China's opposition to the visit to Japan by Taiwanese Vice Premier Hsu Li-te.

An internal document written by a think tank under the Chinese Communist Party recently theorized that Hsu's visit to Japan played a part in Japan's political and military ambitions which can only be realized if Taiwan's economic might is kept separate from the mainland's economic potential.

Tang, however, remained optimistic over Sino-Japanese relations for 1995 and said there would be no change in overall friendly and good neighborly relations between the two countries.

China plans several events to mark the end of World War II, including a large commemorative meeting in Beijing, scholastic studies, television programs, films and other events.

Meanwhile, Japan and China have planned several high level exchanges for the year, including visits by Prime Minister Tomiichi Murayama in either March or May, followed by a possible visit to Japan by Chinese Premier Li Peng.

Qiao Shi, the chairman of China's National People's Congress, also plans to visit Japan in April, while President Jiang Zemin will attend November's informal summit of the Asian-Pacific Economic Cooperation forum in Osaka.

### **Quanzhou Solves Case of Illegal Emigration to Japan**

*HK/501/24795 Beijing ZHONGGUO XINWEN SHE in Chinese 1105 GMT 14 Jan 95*

[“Quanzhou Border Guards Solve a Case of Illegal Emigration to Japan”—ZHONGGUO XINWEN SHE headline]

[FBIS Translated Text] Quanzhou, 14 Jan (ZHONGGUO XINWEN SHE)—According to a report carried by the Quanzhou-based QUANZHOU WANBAO [Quanzhou Evening News], at 1700 on 10 January, Quanzhou border guards investigated and detained 35 stowaways (of whom three were female) on board the “Minjiang Fishing Ship No 5,704,” which was in the waters of the new port of Shenhudongbo in Jinjiang. They also confiscated some telecommunications equipment, Japanese yen, renminbi, and food. This was the first case of a large-scale, organized attempt to enter Japan illegally ever to be solved by the city in its history.

According to initial investigations, the stowaways came from Fuzhou, Fuqing, Changde, Lianjiang, and Putian. Initiated and organized by people smugglers, every stowaway had to pay a fee of 150,000 to 160,000 yuan for entry into Japan, and payments were to be made 13 days after arrival in Japan. Unexpectedly, they were intercepted and captured before going to sea.

### **Sub-Saharan Africa**

**Qian Qichen Meets Nigerian Leader Abacha**  
*OW2501234695 Beijing XINHUA in English 2208 GMT 25 Jan 95*

[FBIS Transcribed Text] Abaja, January 25 (XINHUA)—Nigerian Head of State Sani Abacha expressed satisfaction here today with the smooth development of the Sino-Nigerian relations and the determination to further push forward the good bilateral relations through joint efforts with China.

While receiving Chinese Vice-Premier and Foreign Minister Qian Qichen, Abacha said his visit would no doubt enhance the existing relations between the two countries.

Qian, who arrived here on Monday [23 January], is on a three-day official visit to Nigeria at the invitation of the Nigerian government.

Abacha hoped that the reciprocal visits of officials between Nigeria and China, especially at the highest level, would be reinforced for the better mutual understanding and the promotion of bilateral cooperation.

He said that the social stability and rapid economic development in China had made a deep impression on Nigeria, and his country had also been inspired by China's achievements in foreign affairs.

Abacha pointed out that Nigeria and China shared many identical and similar views on international issues.

The two countries, he added, should join hands to take concrete measures to strengthen cooperation in various fields, including in the United Nations and on other international affairs.

During the meeting, Qian Qichen said his visit had increased mutual understanding and given impetus to the friendship and cooperation between China and Nigeria.

Qian said China values the positive role Nigeria is playing in Africa and the international affairs, and also respects the political system and development mould Nigerians have chosen according with their actual circumstances.

In a world with great diversity, Qian noted, there should not be only one mould for development in Africa.

Qian appreciated the mutual cooperation and coordination of the two countries in international affairs.

Nigeria is the last leg of Qian's five-nation Africa tour, which has also brought him to Zaire, Congo, Togo and Benin.

### **Qian Ends African Tour**

*OW2501233595 Beijing XINHUA in English 2205 GMT 25 Jan 95*

[FBIS Transcribed Text] Lagos, January 25 (XINHUA)—Chinese Vice-Premier and Foreign Minister Qian Qichen on Wednesday [25 January] night left here for home after a three-day official goodwill visit to Nigeria, which is the last leg of his five-nation Africa tour.

Addressing the staff members of the Chinese Embassy before his departure, Qian said that he held constructive talks with leaders of the five African nations, namely Zaire, Congo, Togo, Benin and Nigeria.

He said his Africa tour has strengthened the friendship and cooperation between China and the African countries.

“There exist a lot of potentials for economic development in Africa,” he said, adding that China will expand

its economic cooperation with African nations on the basis of equality and mutual benefit.

Qian arrived in Abuja, Nigeria's new capital, on Monday at the invitation of the Nigerian government.

### West Europe

#### Further on Textile Agreements With EU

OW2501153395 Beijing XINHUA in English 1315  
GMT 25 Jan 95

[FBIS Transcribed Text] Beijing, January 25 (XINHUA/OANA)—Delegations from China and the European Union recently reached a number of agreements on five topics relating to bilateral trade in textiles and garments through consultations, according to the Ministry of Foreign Trade and Economic Cooperation.

The five topics include the replacement of the EU unilateral restrictions by the Bilateral Agreement on Silk and Ramie Products Between China and EU; transshipment of textile products and clothing in circumventing the Bilateral Agreement; modification of the Existing Bilateral Agreement on Trade in Textiles Between China and EU; enlargement of the EU and the subsequent adapting of the Existing Bilateral Agreement; and basket exit for products falling within categories 14, 17, and 29.

The six rounds of consultations held by the two sides went on for nearly 10 months. They finally reached agreement on their common interests after discussing differences at length and repeated verification of and deliberation on the relevant data, thus laying more favorable groundwork for bilateral trade in textiles and garments.

The Chinese ministry is now working on arranging the implementation of the agreements.

#### Denmark To Aid in Building Qiongzhou Strait Train Ferry

OW2601072495 Beijing XINHUA in English 0610  
GMT 26 Jan 95

[FBIS Transcribed Text] Haikou, January 26 (XINHUA)—Denmark is to help China to build a train ferry route across the Qiongzhou Strait.

According to an agreement signed in this capital of south China's Hainan Province, the two sides will finish a feasibility study by July this year on the train ferry service across the strait, between Guangdong and Hainan provinces.

China's ministries of railways and communications will join in the study, while Denmark will do research on ferries, landing stages and ports, in addition to analyzing the economic efficiency of the project.

The Railway Consultation Company and the Rail-Freight Ocean Shipping Bureau of Denmark, and Guangdong province will also sponsor the project, according to Hainan officials.

The 18-km-wide strait is the main gateway for the island to other parts of China.

It is estimated that the train ferry service will cost as much as 1.4 billion yuan to set up.

#### Zhu Rongji, Switzerland's Villiger Discuss Ties

OW2601090895 Beijing XINHUA in English 0734  
GMT 26 Jan 95

[FBIS Transcribed Text] Bern, January 25 (XINHUA)—Economic cooperation between China and Switzerland will have a promising future thanks to their firm political ties and China's rapidly-growing economy, visiting Chinese Vice-Premier Zhu Rongji said here today.

Zhu, who arrived in Switzerland on Sunday [22 January], made the remarks during his talks with Swiss President Kaspar Villiger [title as received] this afternoon.

The two leaders expressed their satisfaction over the smooth development of Sino-Swiss relations and said that they will make further efforts to promote the friendly cooperation between the two countries.

During the meeting, Zhu also briefed the Swiss president on the economic situation in China, saying that the Chinese economy has been developing on a fast track since 1992 with annual growth rates ranging from 13 percent to 22 percent.

Generally speaking, the Chinese economy has been developing well, though the rapid growth has brought about a relatively high inflation rate recently, Zhu said.

He added that the Chinese government has attached great importance to curbing inflation at the early stage and the problem is not so serious as has been reported.

The inflation rate started to decline last November and the Chinese government has every reason to believe that the inflation will be lowered remarkably this year, he noted.

Moreover, China has made great achievements in reforming its financial markets, taxation and foreign trade systems, he said. The basic framework of the market economy has been established, ensuring a consistent, steady and healthy development of the economy, he added.

Given these facts, the Chinese vice-premier said, the economic cooperation between China and Switzerland is sure to have a bright future.

President Villiger said that he has been deeply impressed by China's economic achievements and expressed the confidence that the bilateral economic ties will be further strengthened in the years to come.

**INTERNATIONAL AFFAIRS****FBIS-CHI-95-017  
26 January 1995**

After talks with the Swiss president, Zhu held a brief meeting with Swiss Foreign Minister Flavio Cotti.

The Chinese vice-premier was also warmly welcomed by Swiss business circles.

After talks with Swiss Economic Minister Jean-Pascal Delamuraz on Tuesday, Zhu met with leaders of the Swiss National Bank and the three major business banks—the Swiss Credit Bank, the Union Bank and the Swiss Bank Corporation.

He also held separate talks with the two largest insurance companies in Switzerland, the Zurich and the Winterthur Insurance Companies.

He attended a banquet hosted by some 20 Swiss business leaders on Tuesday evening.

Zhu will attend the 1995 annual meeting of the World Economic Forum, scheduled to be held on January 26-31 in the Swiss resort town of Davos. He will also address the plenary session on January 27.

### Political & Social

#### Deng Medical Team Adds Parkinson's Disease Experts

HK2601025095 Hong Kong SOUTH CHINA MORNING POST in English 26 Jan 95 p 1

[By Staff Reporters]

[FBIS Transcribed Text] Chinese authorities have consolidated the emergency medical team caring for Deng Xiaoping by sending experts on Parkinson's disease to Beijing. The move follows a sudden deterioration in the patriarch's health last week, marked by the 90-year-old's failure to respond to stimulus.

A source close to the 24-member team said specialists had privately indicated that while they were reasonably confident of keeping Mr Deng alive for up to four months, they expected the patient to die "some time between June and August." But the source stressed Mr Deng had not lapsed into a coma.

"The downturn started last week," he said. "The old man would doze off and, for an hour or so, not respond to attempts to wake him. And, after the medical staff had woken him up, his mental faculties would still exhibit marked lapses."

It is understood the June-August prediction is based on a comparative study of other party elders given intensive care before their deaths. Mao Zedong, another Parkinson's disease victim, died in 1976, one or two months after showing similar symptoms. But the chairman became senile about two years before his death, while Mr Deng retained most of his faculties until the second half of last year. Marshal Ye Jianying died in 1986, four months after exhibiting similar symptoms.

"The medical team realises that a man in such a delicate state of health as Mr Deng could go any minute," the source said. "However, given the advances in medical technology since 1986, the medical team seems confident they can out-perform the marshal's."

#### Zhao Ziyang Reportedly Recuperating in Guangdong

HK2601051095 Hong Kong MING PAO in Chinese 26 Jan 95 p A2

[Special article" by special correspondent Qin Shiwei (4440 1102 0251): "Zhao Ziyang Allowed To Visit Guangdong"]

[FBIS Translated Text] According to a source, Zhao Ziyang, former CPC general secretary who was dismissed in 1989, is now recuperating in Guangdong and may soon go to Hainan to avoid the winter cold. On the other hand, an open official report yesterday said that Qiao Shi, chairman of the National People's Congress [NPC], is inspecting Shanghai. The outside world held differing views because he has not appeared at a public occasion since last Thursday (19 January).

According to the source, Zhao Ziyang was first allowed to visit Guangdong after he was dismissed in 1989, but his itinerary was kept strictly secret. After arriving in Guangzhou, he did not stay in the city; instead, he stayed in the spa sanatorium of Conghua, quite a distance from the city. According to people who saw Zhao, he was still ruddy-cheeked and on form, although he had contracted heart disease and was 75 years of age. It was said that after having a rest in Guangdong, Zhao will go to Hainan soon.

It was in September 1993 when Zhao openly appeared on the occasion of receiving an honorary title from a Hong Kong golf club and the club's responsible person released a batch of Zhao photos to the media.

On the other hand, former state president Yang Shangkun remained in Zhuhai after he left Shenzhen and a batch of retired generals also recuperated in Zhuhai.

According to a report by Japan's YUMIURI SHIMBUN yesterday. Wan Li, former chairman of the NPC, has contracted Parkinson Disease and has not played tennis since last autumn. Wan Li, 78, is one of Deng Xiaoping's close friends.

#### Wei Jianxing on Anticorruption Struggle

OW2601045695 Beijing XINHUA Domestic Service in Chinese 0713 GMT 19 Jan 95

[By Beijing Central People's Radio Network reporter Liu Zhenying (0491 2182 5391) and XINHUA reporters Sun Yong (1327 0516) and Suo Yan (4792 4282)]

[FBIS Translated Text] Beijing, 19 Jan (XINHUA)— Entrusted by the CPC Central Committee, the Central Commission for Discipline Inspection and the United Front Department under the CPC Central Committee held a briefing today in Beijing. Wei Jianxing, member of the CPC Central Committee Political Bureau, member of the CPC Central Committee Secretariat, and secretary of the Central Commission for Discipline Inspection, briefed persons in charge of democratic parties, the all-China Federation of Industry and Commerce, and people without party affiliation on the 1994 anticorruption struggle and on this year's anticorruption tasks.

Wei Jianxing said that the anticorruption struggle continued to maintain a healthy development momentum in 1994, that the anticorruption work arranged by the CPC Central Committee had scored results in varying degrees, and that some localities and departments had achieved marked results in some areas. However, a wide gap remains between the current anticorruption work and the expectations of the party and people; some arranged work has not been implemented; some negative and corrupt phenomena have not been checked; the masses are still not satisfied; and the anticorruption tasks are still very arduous and heavy.

Wei Jianxing said last year all levels of party committees and governments, particularly major party and government leading comrades, conscientiously implemented

the policy of "promoting the reform and opening drive with one hand and cracking down on severe crimes with the other, and of putting equal emphasis on both." Leading cadres acted in line with the "five stipulations" set down by the CPC Central Committee. Last year saw the enhancement of the consciousness among the leading cadres on honestly performing their official duties and on exercising self-discipline; great progress had been made in case investigation and handling; and the work on rectifying unhealthy tendency in departments and among various trades also achieved varying degrees of results.

Wei Jianxing said an excellent momentum in the masses' providing information on corruption had been maintained last year. In January-November 1994, the masses provided 1.16 million pieces of information on corruption through letters or visits to the nation's discipline inspection and supervision organs, as well as 20.9 million pieces of information to the nation's procuratorial organs. The number of cases that were put on files and settled increased markedly. The work on investigating major and important cases showed great progress.

When touching on correcting unhealthy tendencies in departments and among various trades, Wei Jianxing said last year China ordered the abolition of a number of unreasonable fee collection items. Approved by the State Council, the Finance Ministry and the State Planning Commission announced the abolition of 192 fee collection items in three stages. In 1993 42 ministries and commissions under the CPC Central Committee announced the abolition of 2,808 fee-collection items and they again in 1994 abolished and ordered the stopping of fee-collection or fee-reduction for 110 fee-collection items; so far abolition of 1,220 fee-collection items have been implemented. First level local governments also announced the abolition of a large number of unreasonable fee collection items, thus putting a halt to the practice of illegal fee collection.

Wei Jianxing said since last year 3,736 groups involving 14,000 people have been prevented from going overseas for tourism purposes at public expense, thus helping save 100.10 million yuan for the state. By the end of November last year, cases involving party and government organs and their working personnel's misuse of enterprise funds amounting to 1.139 billion yuan were sorted out.

Wei Jianxing pointed out that, despite achievements in 1994 anticorruption work, there were still some problems of unbalanced progress. They include: Some leading comrades failed to make the required self-checks and self-corrections; there were no serious criticisms and self-criticisms at meetings on leading a democratic life; some units did not go all out in handling cases, or even shelved cases or covered up cases; local and departmental protectionism and intercession seriously interfered with case-handling; and despite rectifications, unhealthy tendencies including unauthorized fee-collections again reared their heads or even ran rampant.

Therefore, raising leading cadres' understanding about the importance and urgency of the anticorruption struggle still remains a key issue in conducting an in-depth anticorruption struggle.

Wei Jianxing stressed that this year is the last year for the Eighth Five-Year Plan. Party building, reform, and development face a good situation and opportunity; this also sets higher requirements for anticorruption, enhancing party style, and honest government building. He said for this year's anticorruption work, it is necessary to persist in the grand strategy formulated by the CPC Central Committee on the guiding ideology, basic principles, and three tasks for anticorruption work, and to continue implementing various tasks arranged since the holding of the second plenary session of the Central Commission for Discipline Inspection. All levels of party committees and governments must further enhance leadership, make close coordination, pay attention to depth in the anticorruption struggle, devote greater energy to investigating major and important cases, strictly enforce political discipline, and gradually establish a sound supervision and restraining mechanism within the party.

Wei Jianxing thanked democratic parties, the All-China Federation of Industry and Commerce, and people without party affiliation for playing their roles in the anticorruption struggle. He said to carry the anticorruption struggle in an deep and sustained manner and to create an excellent social and political environment for reform, opening up, and socialist modernization construction, not only do the Chinese communists need to earnestly improve themselves, but they need the continued support and assistance of democratic parties, the All-China Federation of Industry and Commerce, and people from all walks of life. He expressed the hope that all would fully recognize the results scored in the anti-corruption work and the long term nature and arduousness of this task. He called on all to further enhancing democratic supervision and to make new contributions to safeguard reform, development, and a stable overall situation.

The meeting was presided over by Wang Zhaoguo, vice chairman of the Chinese People's Political Consultative Conference and head of the United Front Department under the CPC Central Committee.

Persons in charge of democratic parties, the All-China Federation of Industry and Commerce, and people without party affiliation who attended the meeting include: Fei Xiaotong, Sun Qimeng, Lei Jieqiong, Lu Jiaxi, Cheng Siyuan, Ngapoi Ngawang Jigme, Sun Fuling, Wan Guoquan, Peng Qingyuan, Ding Shisun, Chen Shunli, Luo Haocai, Xu Caidong, Zhang Kehui, and Zhang Xuwu.

**CDIC Issues New Measures To Curb Corruption**  
HK2601081295 Beijing CHINA DAILY in English 26 Jan 95 p 2

[By CD News: "Party Calls for Tougher Stand on Officials' Graft"]

[FBIS Transcribed Text] The top supervisory body of the Communist Party of China, in an attempt to propel China's anti-corruption drive, has announced new disciplines on high officials at Party and government organs and in State-owned enterprises.

The CPC Central Discipline Inspection Commission [CDIC] on Tuesday called on the leading officials to serve the people honestly, carry forward the Party's traditions and work style and guard against the influences of corrupt cultures and ideas.

In a communique after its fifth plenary session, the commission outlined four new measures to tighten control on officials at Party and government organs.

Officials are not allowed to build private houses with public funds, randomly use cars carrying army or police plates or those especially for foreigners, or learn to drive by using public funds and cars.

Also, they are forbidden to go to entertainment clubs on public funds or attend banquets which could influence their decision-making process.

The focus is on officials at or above the section-chief level, or county Party secretaries and magistrates, the communique said. However, those at lower levels also must observe the new measures.

Meanwhile, for heads of State-owned enterprises, they are required:

- Not to accept commissions, cash presents in business management, or take payments for other pleasures in violation of existing rules;
- Not to run private businesses or provide conveniences for relatives or family members;
- Not to take over extra houses in public housing distribution, or buy houses with public funds;
- Not to buy cars when the enterprises are in debt or have not paid employees, or buy imported luxury sedans.

To better make the officials free from corruption, the communique said, three reporting procedures are to be established this year.

For higher officials above section chief and county level, they are required to report their income, and all government employees must register the gifts they receive at public occasions.

In State-owned enterprises, the business banquet fees must be reported to the Workers' Congress.

All these moves, the communique said, are aimed at creating a sound mechanism of restraints in Party organizations.

The plenary session, convened between January 20 and 23, added that the general task of this year's anti-corruption drive is to implement the guidelines of the Fourth Session of the 14th CPC National Congress on

strengthening Party building, and observe Deng Xiaoping's theory of building socialism with Chinese characteristics.

It noted that while establishing rules for Party and government officials, China's inspection drive should target public servants working in Party and government departments, law enforcement organs and economic management agencies.

In addition, the nation will also severely curb on "three malpractices": random fees and fines along highways, arbitrary tuition fees in primary and secondary schools and random levies on farmers.

#### Editorial Views Anticorruption Fight

HK2501133095 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 25 Jan 95 pp 1, 4

[Editorial: "To Oppose Corruption, It Is Necessary To Put a Lot of Effort Into Deepening"]

[FBIS Translated Text] The fifth plenary meeting of the CPC Central Discipline Inspection Commission has concluded successfully. The plenum reviewed and summed up the anticorruption work in 1994, scientifically analyzed the current situation in the anticorruption struggle, and made comprehensive arrangements for this year's anticorruption work throughout the party in accordance with the spirit of the party central leadership's instructions.

The general requirement for this year's anticorruption work is: Under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, to carry out comprehensively the spirit of the 14th party congress, the third and fourth plenary sessions of the 14th Central Committee, and the central economic work conference; to follow constantly the guidelines, basic principles, and three major work patterns put forward by the party central leadership for anticorruption work; to continue putting into effect the new requirements set by the party Central Committee; to continue carrying out the tasks set out by the Central Discipline Inspection Commission at and after its second plenum; to concentrate efforts on carrying out the struggle in depth; to establish and perfect the inner-party supervision and self-control mechanism in order to achieve new results in the struggle, to create a benign social and political environment for party building and for economic development, and to serve the purpose of guaranteeing the general tasks of the whole party and the whole nation to "grasp the opportunity, deepen reform, expand opening up, promote development, and maintain stability."

The key to furthering the anticorruption struggle lies in concentrating efforts on increasing the depth and intensity of the struggle. If we remain standstill under current conditions and level of work, the anticorruption struggle will not make new progress, and it will be hard to consolidate the results already achieved. We should

notice that party building, reform, and development all are facing a favorable situation and good opportunities this year, and this also will set stricter requirements on anticorruption work. Only by concentrating efforts on increasing the depth and intensity of our work can the anticorruption struggle achieve new results, and thus better serve party building and economic construction.

To concentrate efforts on increasing the depth and intensity of the work, leading cadres at all levels first should deepen their understanding of the importance and urgency of the anticorruption struggle; truly realize that anticorruption work is a crucially important issue concerning the life or death of the party, and concerning the success or failure of reform, opening up, and modernization; and conscientiously and firmly keep in mind the principle of "handling one's work with both hands, and keeping both hands tough." Comrade Jiang Zemin incisively pointed out: "We may collapse if the economy cannot develop successfully; we also may collapse if corruption and bribery run rampant, and we are seriously divorced from the masses, even though the economy is being developed successfully." Many startling facts that have been exposed in the course of the struggle show that if we do not make constant efforts to effectively check and eliminate corruption, it is not unlikely that the party and the state may collapse in total ruin. Leading cadres at all levels must be fully aware of this.

To concentrate efforts on increasing the depth and intensity of the work, we should thoroughly and faithfully carry out the tasks according to the requirements of the party central leadership, and according to the arrangements made by the Central Discipline Inspection Commission. Anticorruption work cannot consist only of conveying instructions from the upper authorities, and cannot simply rely on issuing documents and submitting reports. Instead, action must be taken according to the actual conditions, on the basis of full investigations and studies, and in light of the unified arrangements of the central leadership. Explicit criteria and concrete measures must be formulated for the work. Party and government leaders at all levels should conscientiously adapt themselves to the objective needs of the anticorruption struggle, and should work carefully and painstakingly in order to achieve solid results. The tendency to merely give vague and general instructions should be resolutely prevented and overcome. Principal party and government leaders should be well aware of the actual conditions in reality and the true facts; should analyze the existing contradictions, and deeply study the difficult points in the work in order to take effective measures to resolve such problems; and should deeply study the policies and policy-related definitions, and handle various issues realistically.

To concentrate efforts on increasing the depth and intensity of the work, we should pay attention to handling existing problems while simultaneously eradicating the root-causes of such problems, and should continue to

improve and perfect rules and regulations. We should sum up the fresh experience over the past few years, and should establish and improve supervisory and self-control mechanisms in light of actual needs and specific problems in reality. In areas and departments where there are many corruption cases, or many serious cases, the local and departmental leading bodies should analyze some typical cases; study the means of the discipline violators and lawbreakers; and discover the weak links in the management of day-to-day work in all fields, in supervisory mechanisms, in the work style of the leaders, and in the ideological and political work; so that pertinent preventive and supervisory measures may be worked out and formulated to restrain and reduce the occurrence of major and serious cases. It is necessary to establish relevant and feasible self-control mechanisms in order to make leading cadres keep themselves incorruptible and self-disciplined, and to ensure the effective rectification of their behavior. At the same time, party committees at all levels should conduct more effective education for party members and cadres, and should link education in the theory of building socialism with Chinese characteristics and in the party constitution with legal and discipline education. Leaders at all levels should take the lead in working honestly and diligently, and in setting a good example for party members and cadres, thus guiding them firmly to keep the revolutionary outlook on life; follow the principle of serving the people wholeheartedly; carry forward the party's fine tradition and work style; continue to work hard and lead a simple life; oppose money fetishism, hedonism, and extreme egoism; and resist the corrosive influence of decadent ideology and culture.

To concentrate efforts on increasing the depth and intensity of the work, we should firmly trust and rely on the masses. In the anticorruption struggle, the role of the responsible functional institutions should be brought into full play, and it is also necessary to fully arouse and protect the enthusiasm of the broad masses, and to more effectively combine mass supervision with the legal and disciplinary actions of the special institutions. Leading cadres' problems revealed at their criticism and self-criticism meetings should be made known to the masses within a certain scope so that leading cadres may be subject to supervision by the masses. We should encourage and support ordinary people's action of informing against discipline-violating and lawbreaking activities, protect informers, and give commendations and awards to those who render meritorious service. The handling of affairs concerning the immediate interests of the masses should be made public to the extent possible, and the masses should be mobilized to supervise such things. Deputies to the people's congresses, members of the committees of the Chinese People's Political Consultative Conference, and people in various social circles should be organized to comment on the practice and behavior of government departments and various trades. It is necessary to give full play to the role of special supervisors and special inspectors. It is necessary to

make great efforts to conduct effective trade ethics education, thus increasing the sense of trade ethics among all workers, and enhancing their sense of responsibility for checking and resisting misconduct.

The anticorruption task will remain an important and arduous one for a long time to come. We believe that under the strong leadership of the party central body with Comrade Jiang Zemin as the core, our work in various fields of the anticorruption struggle certainly will develop in depth and step by step on the basis of last year's achievements, and will create a more favorable social and political environment for reform, development, and stability.

**\*Scholar Examines Social Control, Corruption**

*95CM0076A Shanghai SHEHUI [SOCIETY] in Chinese No 118, Nov 94 pp 30-33*

[Article by Yang Qingjuan (2799 3237 1227): "Exercise Modern Social Control To Curtail Corruption"]

[FBIS Translated Excerpt][Passage omitted] From Weber's point of view, the strength of the ideal form of legitimate bureaucracy in a state lies in its ability to bring permanent improvement and reduce the amount of improper phenomena in everyday life.

Since the founding of the PRC, from the "Movement Against the Three Evils" [corruption, waste, and bureaucracy] and the "Movement Against the Five Evil" [bribery, tax evasion, theft of state property, cheating on government contracts, and stealing of economic information] to the "Four Clean-Ups" [clean up in the areas of politics, economy, organization, and ideology], and we can even include the "Cultural Revolution," there has been some kind of movement against bribery and corruption at regular intervals. But political instability, economic stagnation, and bribery and corruption go on as usual.

**Why?**

After the "Cultural Revolution," we began to reform and open up and develop a socialist commodity economy, but in recent years, "official profiteering" and "bribery and corruption" have become increasingly rampant to the point of causing grave social crises. Some people have linked them to efforts to give play to the market mechanisms. They believe that while stimulating growth and vitality, opening up to foreign and domestic markets also let in germ-carrying bugs. We can only rely on moral education and severe punishment and deterrence to curb them, but we have no good, thorough reform policy.

But if we just conduct a serious analysis, it will not be difficult to discover that the above conclusion is incorrect. The basic order and basic rule of a market is fair competition, and the negative phenomena we encounter today obviously are not the effects of market laws; rather they are the result of poor market development and restrictions put on the market by administrative forces.

Obviously, "usurping political power to conduct business" and the many "official profiteering" activities to make money out of price, interest, and exchange differentials did not originate from fair competition in the market; rather they are the result of restrictions put on the market by administrative forces, so that some people can reap exorbitant profits by reselling in bulk and reselling quotas, tickets, and certificates.

Much corrupt behavior is tied to increasing economic activities during reform. More and more incidents of corruption and quasi-corruption are taking the form of collusion between the work units and individuals or grass-roots organizations. This kind of corruption takes advantage of the shortfall due to excess demand and limited supply in public goods and materials and services. Work units often play the role of organizer in this kind of corrupt phenomenon, and we can say that the root source of corruption and quasi-corruption lies in the organizational structure of the CPC and the state, and the launching of economic reform has strengthened some of the prominent characteristics among them, including corruption in which the work units play a central role.

Based on the Weberian viewpoint, corruption and quasi-corruption are mainly the result of the absence of systems, laws and regulations, and supervision. For example, the system is lax, and there is no financial supervision. Seventy percent of all corrupt phenomena take place in the grass-roots organizations of collectively-owned enterprises in the rural areas, where there is no law and regulation, system, or effective supervision.

From the post-Weberian viewpoint, corruption and quasi-corrupt behavior are the result of over-rationalization and systematization as well as excess economic control. In China's agricultural sector, everyday life is plagued by unreasonableness, inefficiency, and loss of control and other problems caused by over-centralized management and control. Since the development of the command economy and industrial organization, China has strengthened its complex control over the improprieties caused by excess bureaucracy within industrial enterprises.

Deng Xiaoping pointed out that the source of the internal "bureaucracy and corruption" of the CPC and the state was over-concentration of power, over-sized organizations, and over-complicated rules, regulations, and procedures. In his opinion, these problems are not only rooted in the practices of the communist party leadership since the Communist International and in China's feudal history, but are also rooted in the centralized planned structure, which was established in 1941 and came to power in 1949, which concentrates too much power in the hands of the party-state leadership group.

Government control over enterprises greatly increases the decision-making scope of the bureaucrats, and enterprises are forced to bribe officials to obtain official permission and approval, and, subsequently, as corruption runs rampant, in order to protect their interests

which are directly tied to their power, officials are even less willing to give up control over enterprises. "Thus, bribery and corruption enter a cause-and-effect cycle."

In short, the occurrence of corrupt and quasi-corrupt behavior is due partly to the degeneration of the internal functions of CPC and state organizations and partly to the systemic vacuum created by the all-around reduction in state interference and in the stalled development of a new form of coordination in society.

Since the birth of the CPC, especially since it seized national power, it has spent many years and much of its energy and efforts on fighting corruption. Since reform and opening up, faced with the many unhealthy social situations as we made the transition from the old to the new system, the CPC and the government have issued several proclamations and resolutions and have adopted various measures to engage in a firm struggle against corruption. They have promulgated many anti-corruption and honest government-boosting regulations and systems. But to date, the struggles have not produced optimistic results.

Corruption is founded on power. China should first strengthen its control and restraint over the conduct of its public employees, especially those who occupy important positions. The purpose of the CPC is to serve the people wholeheartedly; the working people are the masters of the country, and the people enjoy broad power to administer the country. Then why are there so many corrupt phenomena today? It is our opinion that it has to do with the way society is controlled.

Overall, China's social control system is a pyramid-like, centralized control system. Its administrative organizations are broad at the base and taper off at the top; ranks and hierarchies are clearly drawn and defined. Society's control organs and power are centralized at the apex—the supreme state administrative organ, which centrally controls the whole society. Within this state control system, every subordinate organ has only one superior organ, but every superior organ has jurisdiction over several subordinate organs; the superior-subordinate relationship is also a controlling-controlled relationship. Society's control line is naturally a one-way line that drops down vertically from top to bottom.

In practice, this form of social control is a one-way control mold monopolized by the administrative leader. In other words, a person's exercise of his official power is often supervised and controlled by the administrative leader above him, and no other force has the power or possibility to influence his conduct. Because of this centralized leadership, the driving force behind the judicial and procuratorial and other special social control departments must come from the same superior organ as the administrative control departments, and therefore their work and functions are either greatly influenced by the administration, and in effect they are duplicates or even appendages of the administrative leader. This phenomenon is due largely to the congenital deficiency in the single-direction form of social control.

1. The single social control force and method can neither address every issue and take care of everything nor can it avoid being cheated. The superior must lead several subordinate units in launching various administrative tasks, and meanwhile it must directly control and discipline subordinates in performing their tasks. This management system that pits one against ten can hardly deal with everything.

At the same time, instructions handed down by the superior are brief and generalized. The superior does not have the time to check and analyze the subordinates' specific tasks and conduct, and the latter can pick a time and a place when the superior is not paying attention to "pull tricks" or come up with some high-sounding excuses to stall off their superior.

2. A single control standard cannot adapt to the ever-changing social environment. Within the jurisdiction of a single superior, there inevitably are different working environments; it is impossible to use a single standard to constrain the behavior of different people. At the same time, the superior usually hands down his instructions in the form of a document or regulation, but it is difficult to detail the meticulous work and division of labor in a piece of document, and regulations are always stated briefly and in sweeping terms. As a result, some matters are controlled too rigidly and others run amuck for lack of control. This is directly attributable to the conflict between the centralized standard and the complicated and varied social environments.

3. The solitary controller cannot avoid being toppled by those who pull connections. Because the power of this one-way control comes from only one source, the lawless can use different means to render the controller ineffective. It is difficult of this kind of control system to avoid being hindered by complicated human relations.

4. One-direction control puts the subordinates in an awkward situation. Because the subordinate is controlled by the superior while the latter's conduct can only be disciplined by his own superior, the subordinate is put in a position of absolute obedience. Even if a subordinate does not want to get involved in any unhealthy activity, there is little he can do to stay clean.

In short, under certain circumstances, the single-direction social control method will greatly weaken social control—that is, control of the minority by the majority—even to the extent where the minority can infringe upon the rights of the majority. If not effectively curbed, the consequence of this phenomenon can be very scary: A country or a nation which has earned the bitter hatred of its people, which faces an intensifying centrifugal force, and which encounters many overbearing world powers will inevitably face a sad ending.

#### **Dispute Over Former CASS Official's Eviction**

*HK2601090295 Beijing ZHONGGUO XINWEN SHE in Chinese 1126 GMT 14 Jan 95*

[“Person in Charge of the Administration Department of the Chinese Academy of Social Sciences Interviewed by

a Staff Reporter on Liu Zaifu's So-Called 'Second Statement'"—ZHONGGUO XINWEN SHE headline]

[FBIS Translated Text] Beijing, 14 Jan (ZHONGGUO XINWEN SHE)—After the person in charge of a relevant department of the Chinese Academy of Social Sciences [CASS] clarified the facts about Liu Zaifu's eviction from the publicly owned house where he had previously lived, Liu Zaifu issued in some overseas news media his so-called "second statement" on the event in which his house in Beijing was looted." On this issue, our staff reporter interviewed the person in charge of an administrative department of the CASS. He refuted Liu Zaifu's method of using a "second statement" to continue distorting the facts and misleading the public.

This person said: It was completely groundless for the "statement" to make the accusation that it was only a week later that the relevant department of the CASS informed him of a detailed list of his belongings, and that the CASS administration department asked him to remove his belongings within three months. It was not until the evening of 27 December last year that Liu Zaifu's eviction, according to law, from his former house was begun because he had lent the publicly owned house previously assigned to him to another person without authorization, so as to take up the job of that person. Later, a second inventory of his belongings was made, and his belongings were kept in a vacant room equipped with an ant burglar door for the time being. After the New Year Day holiday, on 3 January this year, we started sorting out his belongings, printed a "notice of eviction from the house" and a detailed list of his belongings, and faxed them to Liu Zaifu on 4 January (Beijing time). All work was done within a short time, in accordance with the principle of "being earnest and careful, as well as well-thought-out in procedure and loss free." This method of doing things was irreproachable. It was also fair and reasonable to ask Liu Zaifu to remove his belongings within three months. In such a long time, Liu Zaifu could take care of his belongings personally or entrust the task to others. On the contrary, he asked the CASS to take care of the belongings of a person who did not belong to it, unconditionally and for a long time. This was not an appropriate way of doing things. The facts mentioned above have answered the question of whether or not these belongings were "confiscated."

The person said: In his "second statement," Li Zaifu said: "The things left behind by the late Mr Nie Gannu, which were kept in the Box No. 15, were missing from the detailed list," and he denounced the CASS for such handling. The facts are that when the CASS administration department made an inventory of Liu Zaifu's belongings, it did not see "Box No. 15." For this reason, the academy's working personnel inquired of a certain person called Cheng, who was wife of Li Yijian, to whom Liu Zaifu entrusted to take care of his belongings and lent his house without authorization, about the box many times, but Cheng was not cooperative and refused to search for it. After some persuasion, she surrendered the

box on 11 January. Liu Zaifu was informed of the matter by a telephone message on 12 January.

The person refuted the so-called allegation Liu Zaifu made in his "second statement" that the CASS "had violated the law and discipline in the name of carrying out official business," and that this was an "act of infringement" on the private property in publicly owned houses. He pointed out: It is reasonable and legal for us to manage the property rights going to the academy. "The General Principle of the Civil Code" clearly stipulates: The owner of property has the right to possess, dispose of, benefit from, and use his property. We are not certain whether Liu Zaifu lumped together the two conceptions of home and the property in a home simply because of a lack of common knowledge or for other reasons. Liu's apartment, which is a publicly owned apartment for senior research fellows, has a usable floor area of more than 80 square meters and complete housing utilities. Its rent is just 43.2 yuan (or \$5.1). After he left his job voluntarily [zi dong 5261 0520], he was no longer entitled to enjoy this housing treatment of a welfare nature. The lease which Liu and the real estate department signed clearly stipulates: If the whole family moves to places other than the municipality (including going abroad or leaving the country) and the house is left idle for three months without reason or is lent to others without authorization, the leaser has the right to terminate the contract and bring about an eviction from the house. Therefore, Liu Zaifu is no longer qualified for the house. To protect state real estate from being seized, and to safeguard the legitimate rights and interests of the property rights holder, it is fair and reasonable to exercise the right to manage according to law.

**'Pen Talks' by 10 Academics on Human Rights**  
HK2401072395 Beijing RENMIN LUNTAN in Chinese  
No 11, 8 Nov 94 pp 32-37

[["Writing About Human Rights" column: "'Pen Talks' on Human Rights by 10 Beijing Professors"]

[FBIS Transcribed Text] Editor's Note: The issue of human rights is one of the most "heatedly-debated topics" in the international community. Whether in Western or Eastern countries, people are paying close attention to, talking about, and pursuing human rights.

Since 1985, Comrade Deng Xiaoping has on many occasions commented on the issue of human rights during his meetings with foreign friends. He said:

"What are human rights? First of all, how many people are they directed toward? Are they meant for the minority, the majority, or the people of the whole country? Our concept of human rights is, in essence, different from that of the Western world because we see the question from a different point of view." (Volume 3 of *The Selected Works of Deng Xiaoping*, p 125)

"People support human rights but they should not forget the national rights. When they talk about human dignity,

they should not forget national dignity. In particular, if developing countries in the Third World, like China, do not have national self-respect or do not cherish national independence, they will not be able to build the country." (Ibid p 131)

"Actually, national rights are far more important than human rights. The national rights of poor countries and the Third World are often infringed upon by them. Their talks about human rights, freedom, and democracy are designed to safeguard the interests of the strong, rich countries, which take advantage of their strength to bully the weak and to pursue the interests of the hegemonists and those practicing power politics. We never listen to such stuff. Nor do you." (Ibid p 345)

"Western countries criticize us for violating human rights. As a matter of fact, it is they who have really violated human rights. How many Chinese people were killed or wounded when the United States helped Chiang Kai-shek fight the civil war? And how many Chinese People's Volunteers were killed and wounded when it supported South Korea in the Korean War? And that's not counting the immeasurable losses inflicted on the Chinese people by the aggression of colonialists and imperialists (including the United States) over the past century and more! So, they have no right to talk about human rights." (Ibid p 345)

In order to help the reading public and the comrades who are concerned about human rights have a profound understanding of Comrade Deng Xiaoping's theory on human rights and its practice, and to have a better understanding of the international trend in the area of human rights, we publish hereunder articles written by 10 professors in Beijing at our special request and reprint the Universal Declaration of Human Rights as the relevant literature for the readers' reference. [end editor's note]

**By Yu Quanyu [0827 2938 1008], vice chairman of the China Human Rights Research Society and professor at the Chinese Academy of Social Sciences Postgraduate Institute: "Tremendous Achievements and Arduous Tasks"**

In contemporary Chinese history, the CPC was the first political party to advocate a "fight for human rights." During the Liberation War, the Chinese people embodied "human rights" with the slogan: "The people must free and liberate themselves and become masters of their own fate." To liberate themselves meant to get rid of oppression and bullying, to restore the dignity of human beings, and to win equal political rights; to free themselves meant to win economic rights, with peasants becoming owners of land and workers, masters of enterprises; the people become masters of their own fate meant the practice of democracy and that people become the masters of the country.

Since the founding of the People's Republic, human rights in the abovementioned sense have been realized in China. Under the leadership of the CPC and the people's

government, the Chinese people have been striving to develop their economic and cultural undertakings as well as to raise the standards of their material and cultural lives. Despite such errors and destruction as witnessed during the "Cultural Revolution," we have already put everything right and healed the wounds caused by the "Cultural Revolution." Therefore, the right to survival, the right to life, and the right to freedom of the Chinese people have been secured while their living standards have been gradually ameliorated. It is proposed in the Universal Declaration of Human Rights that people "shall be free from fear and death." In China today, the first half of the proposition has long been realized and the second is being materialized.

According to World Bank statistics, China can only be classified as a "low income country" in terms of per capita GNP but its average life expectancy and rate of adult literacy are higher, and its death rate, infantile mortality and childbirth mortality are much lower, than those of "upper middle income countries." In comparison with the United States, the right to survival (life safety) is far better secured in China; the death rate, number of homeless, imprisonment rate, convict mortality rate, and the recidivism rate are considerably lower. Moreover, China is even better than the United States in terms of democratic political rights and the equality of nationalities and of the sexes.

The conditions of human rights in China today, though fundamentally improved over the 45 years since the founding of the PRC, is far from our expectations owing to the restrictions caused by limited resources and low economic and cultural levels. For example, a total of 80 million people in China are still living below the poverty line; 18.6 percent of the population aged 15 and above are illiterate or semiliterate; and, owing to the deficiencies and problems in practical work, infringements of human rights happen from time to time. We are, therefore, obliged to work hard to develop our economic and cultural undertakings and enhance the building of socialist democracy and legal system to further improve China's human rights situation.

On the occasion of the 45th anniversary of founding the People's Republic, and struggling for a victorious stride into the 21st century, we review the past and are proud to see the tremendous achievements we have made; and we look forward to the future and realize that we still have arduous tasks to shoulder on the way ahead.

**By Chen Zhishang [7115 1807 1424], deputy director and professor of the Beijing University Anthropological Research Center and China Human Rights Research Society Executive Council member: "The Building of Human Rights in China Is of International Significance"**

Over the past 45 years, proceeding from the conditions in China, and its own values and carrying forward China's outstanding cultural tradition, the Chinese people have created a new concept of human rights which differs from the traditional Western one. This is

the theory and practice of socialist human rights with Chinese characteristics and is a great contribution to the world's human rights cause.

The concept of human rights is the combination of universality and particularity. In the fight to win their own human rights, the Chinese people studied and absorbed successful experience from foreign countries. We have learned from the West the successful achievements made by the European and American peoples in their fights against feudal and colonial domination (the typical manifestation being the French Declaration of Human Rights and the Declaration of Independence by the United States. However, repeated failures in the revolution have eventually made the Chinese recognize the limitations of the human rights advocated in the West. As early as in 1924, the advanced Chinese represented by Dr. Sun Yat-sen pointed out: "The system of human rights which has recently been advocated in various countries has often been monopolized by the bourgeoisie as a tool to oppress the common people." Moreover, owing to the wrong guidance of Western values which put individual interests in terms of absolutes, the implementation of human rights was often partial, lopsided, and even hypocritical. Consequently, the majority of the people did not have the opportunity for true freedom and equal development, thus hampering the progress of the society. This made the Chinese realize that they must take another option so as to catch up. The socialist human rights with Chinese characteristics have given first priority to safeguarding the human rights of the majority of the people, that is, the human rights of the people of the whole country, and to ensuring the rights of the laboring people to exercise their rights as masters of their own fate. Meanwhile, bearing in mind the reality in China, we must attach primary importance to the rights of 1.2 billion people to survive and to develop and have a comprehensive and correct understanding and treatment of the relationship between political rights on the one hand, and economic, cultural, and welfare rights on the other; the relationship between individual and collective human rights; and the relationship between internal jurisdiction over human rights (maintaining independence and keeping the initiative in one's own hands) and international cooperation and protection of human rights. Only in this way can the implementation of human rights become the impetus and guarantee for the promotion of social unity and overall progress.

Restricted by such conditions as the relative backwardness in economic and cultural development, there are still quite a few deficiencies in the building of human rights in China. Nevertheless, the Chinese, who make up one-fourth of the world population, are enjoying new human rights superior to those in the Western world. This fact itself has set for the world people a comparable and alternative example or experience which may be used for their reference. We are fully confident that, with the victorious development of the building of the socialism with Chinese characteristics, more and more

people will recognize the significance of the creations by the Chinese in the field of human rights to the emancipation of human beings.

**By Huang Dansen [7806 2684 2773], professor and tutor of Ph.D. candidates at Beijing University and director of the Beijing University Anthropological Research Center: "Human Rights in China and the Universal Declaration of Human Rights"**

Some Western countries practicing "human rights diplomacy" criticize China for not respecting human rights. What criteria should be used to measure the human rights situation in China? Obviously, only the Universal Declaration of Human Rights and other international documents regarding human rights which are approved by most countries in the world, instead of the principles cooked up by certain countries based on their own requirements, shall serve as the criteria.

The Universal Declaration of Human Rights (hereafter the "Declaration"), approved by the Third UN General Assembly in 1948, conforms to the Western traditional humanist ideas and also reflects the strong desire of the people of the world to oppose fascist atrocities and the strong desire of the peoples in underdeveloped countries for peace, independence, survival, development, and democracy. The "Declaration" consists of 30 articles including provisions governing the rights of person and of the economic, political, cultural, and spiritual lives of human beings. People of different countries, nationalities, classes and strata, and regions may have different understandings of these provisions but they have been extensively accepted as some universal principles. Although the PRC did not participate in passing the "Declaration," it recognizes the basic principles contained in the document.

If we take the general principles of the "Declaration" as the criteria, we can surely claim that the human rights condition in China is in conformity with these principles. First of all, we can compare our Constitution with the "Declaration." Since the founding of the People's Republic, China has formulated four constitutions, each of which contains special chapters specifying the rights and duties of the Chinese citizen. Most of the contents of the "Declaration" are consistent with these rights. Second, we can make a comparison between the "Declaration" and the three "White Papers on Human Rights" published by our government in recent years. The detailed and abundant facts and figures furnished in the White Papers fully indicate that the state of human rights in China meets with the requirements of the "Declaration." What's more, they have clarified the misunderstandings in the international community about China's administration of justice, the Tibet issue, etc. Third, it is an undeniable fact that both our government and the whole society have in recent years formulated stipulations and made efforts to safeguard the rights of employees in private enterprises and the interests of the disabled, minors, and women. Of course, there is still much left to be desired in the human rights

condition in China. Especially, the ordinary people's sense of human rights needs enhancement. Nevertheless, the condition of human rights in China, on the whole, can well stand the test of the "Declaration."

By Xu Congwen [1776 1504 3306], research fellow at the Chinese Academy of Social Sciences and vice president of the China Society of Contemporary Foreign Philosophies: "The Relationship Between Human Rights and Sovereignty As Viewed From Changes in the World Pattern"

In recent years, the issue of human rights, which is originally an internal affair mainly governed by the domestic laws of a certain country, has unexpectedly been turned into a heatedly debated topic in international relations. Some Western countries take the human rights conditions in the receiving countries as conditions for granting economic aid or the most-favored-nation treatment. Moreover, they even make use of the human rights issue to interfere in the internal affairs of other countries with a view to changing the latters' development path. Meanwhile, the so-called "neointernationalism," which negates national sovereignty under the pretext of protecting extensive human rights in the world arena, is running rampant.

The emergence of the foregoing phenomena was closely accompanied by the changes in the world pattern. With the drastic changes in Eastern Europe and the disintegration of the Soviet Union, the old world pattern was broken but a new one has not yet been shaped. In order to practice hegemony and power politics, some Western countries have launched a world war without the smoke of gunpowder, and the issue of human rights is an important part of their strategy. They attempt to infringe upon the sovereignty of other countries with their own concept of human rights and thereby try to cause a breach and put those countries under the domination of international monopoly capitalism.

Therefore, despite all the changes in the world pattern, we must grasp the relationship between human rights and sovereignty and truthfully regard the latter, which may also be referred to as the rights of a state, as the basis and guarantee of the former and as much more important than the former.

Of course, this does not in any way negate the international protection of human rights because it is the consequence of the international commitments undertaken by a sovereign state according to international laws and treaties. Besides, unless the infringement upon human rights so exceeds the scope of a state's internal affairs as to affect international relations or threaten the overall interests of the international community, or that the necessity of direct protection arises, a method of protecting and promoting the internal jurisdiction of human rights by a sovereign state is generally taken. In this sense, international protection of human rights and sovereignty do not repel or conflict with each other.

By Cheng Xiaoxia [4453 2556 7209], director and professor of the International Law Teaching and Research

Office of the People's University and council member of the China Law Society and the China International Law Society: "China and International Human Rights Law"

Since the promulgation of the UN Charter and the "Declaration," a framework of international laws governing human rights has been formed. There are over 30 human rights treaties formulated under the direction of the United Nations and more than 30 "Declarations" regarding human rights issues. International human rights laws in a broad sense include humanist [ren dao zhu yi 0086 6670 0031 5030] laws, which mainly refers to the four Geneva Conventions formulated in 1949 under the auspices of the International Red Cross Society and the two Additional Protocols made in 1977 regarding the four 1949 Geneva Conventions. These conventions and protocols are classified into laws and regulations governing war by some scholars of international laws.

After the restoration of its seat in the United Nations, the PRC began to attend the conferences of the UN Human Rights Commission in 1979 as an observer and became a full member in 1982. Since the 1950's, China has recognized, ratified, signed, or acceded to nearly 20 international treaties on human rights and humanism. It has not yet acceded to the International Covenant on Economic, Social, and Cultural Rights and the International Covenant on Civil and Political Rights. These two documents are both the legal forms of the "Declaration" toward which the Chinese Government assumes a positive attitude.

China holds that issues of human rights, in essence, fall within the scope of the internal jurisdiction of a state. The PRC Constitution provides for the political, economic, cultural, and social rights of its citizens. In addition, a series of important laws, such as the "PRC Law Governing the Protection of Women's Rights and Interests," the "PRC Labor Law," and the "PRC State Compensation Law" have been formulated to safeguard the rights and interests of the inhabitants within the territory of China. Though China advocates international cooperation in improving the conditions of human rights throughout the world, it opposes interferences in internal affairs under the pretext of human rights.

By Wang Zhengping [3769 2973 5493], professor at the Central Party School, chairman of the China Society of Historical Materialism, and China Human Rights Research Society Executive Council member: "Correctly Understand the Universality of Human Rights"

Today, human rights have become a major issue, which receives the close attention of the international community. The fact that the "Declaration" and some conventions regarding human rights passed by the United Nations are endorsed and valued by numerous countries, indicates that human rights have a universal character. However, owing to tremendous differences in historical background, class structure, social system, economic

conditions, culture, and tradition in different countries, each nation has its particularity in its concept as well as its conditions of human rights. A correct understanding of the universality and particularity of human rights and of the relationship between the two elements is an important theoretical problem, as well as a practical one, of human rights.

The universality of human rights is just the generality of human rights. Human rights are nothing but the rights of human beings in certain social relations and the forms of rights regarding such concepts as equality, liberty, and democracy, of certain social classes and groups. Their contents always reflect certain economic relations and, at the same time, are determined by such relations themselves. This explanation has been universally accepted. It is thanks to the universality and generality of human rights that the "Declaration" and some conventions on human rights passed by the United Nations have received approval and recognition by many nations and peoples. Likewise, it is owing to this very universality that human rights are of international significance.

The particularity of human rights is just the individuality of human rights. Different social classes, social systems, economic conditions, historical backgrounds, cultures, and traditions contribute to the difference in the position as well as the perspective of human rights in different countries.

Comrade Deng Xiaoping once made a profound exposition: What are human rights? First of all, how many people are they directed toward? Are they meant for the minority, the majority, or the people of the whole country? Our concept of human rights is, in essence, different from that of the Western world. This is the particularity in the discussion of human rights. It is owing to the particularity of human rights that, when people are observing the human rights conditions in a particular country, they must not view it apart from the history and specific conditions of the country in question, nor should they apply it according to a certain pattern or the conditions in another country or region.

The universality of human rights exists in the particularity and the generality in the individuality. There are only human rights in a concrete sense and not in an abstract sense and there are only human rights which are related with the certain conditions of a state. In essence, human rights are an issue within the sovereignty of a state.

China is a state of the people's democratic dictatorship led by the working class and based on the worker-peasant alliance. All the powers of the state belong to the people. Over the past 45 years since the founding of the PRC, great importance has been attached to the building of socialist human rights. We have formed our own points of view and, accordingly, we have also formulated corresponding laws and policies. Featuring extensivity, impartiality, and authenticity, our human rights fully demonstrate the superiority of the socialist system. It is

in sharp contrast to the limitations, partiality, and falsity of the human rights in Western countries. Under the same capitalist conditions, the oppressed nations and the economically backward developing countries have different perspectives on human rights. They are fighting heroically for state sovereignty and independence, national liberation, and the right to survive and develop. Their fight, in essence, has the revolutionary and progressive nature of opposing the oppression and exploitation of international capitalism and, hence, constitutes an important aspect of the present human rights movement. Likewise, this is a manifestation of the particularity of human rights.

By Wang Ruisheng [3769 6904 3932], tutor of Ph.D. candidates at the Chinese Academy of Social Sciences Postgraduate Institute, professor at Beijing Teachers' University, and editor-in-chief of Beijing Teachers' University Journal: "Do Not Forget Women's Human Rights"

The difference in sex is endowed by nature but it is a historical product that the difference has become the basis for inequality, which generates the problem of women's human rights. In comparison with other human rights, the features of women's human rights are: It is the most extensively influential issue which exists in the family and "individual" fields of all nations and races. In today's human society, where there are men and women, there is the issue of women's rights.

However, these kind of human rights are frequently ignored. For example, when John Locke in the 17th century and Jean Jacques Rousseau in the 18th century declared that human rights were endowed by nature and, hence, "cannot be deprived," they failed to mention that women and children were entitled to the same rights. In this regard, however, Charles Fourier is laudable, for he said: "The emancipation of women is a ruler which serves to measure all social progress." Measured by this ruler, the civilization of the modern human race is far from the real social progress! It was right of R. Eisler, an American scholar, to have said: "From the very beginning, the modern human rights movement... is, indeed as it is generally believed to be, a movement to protect (men's rights)." According to Muller: "Only when the most fundamental part (referring to the relations between men and women) of social relations is placed under just principles," will a just society be realized. The remark itself is correct but the question is under what social conditions can the relations between men and women be placed under just principles? Karl Marx believed that this could only be truly and thoroughly attained in a Communist society where private ownership has been eliminated and where the relations between merchandise and money, which dominate and enslave human beings, have been eliminated; because, in that society, the free and comprehensive development of each person (regardless whether man or woman) is the condition for the development of all human beings.

Throughout the primary stage of socialism, China has to make great efforts to develop a market economy to

create the material basis for the realization of the ideal society mentioned above. Therefore, care must be taken not to let women's rights be sacrificed for the relations between merchandise and money. Way back in history, "when human beings had just learned to exchange, they themselves started to be exchanged." (Engels) Are there not some women, even under the socialist conditions, who are selling their own personal dignity in exchange for money? Are not some barbaric incidents frequently related wherein women and children have been turned into merchandise? Fortunately, the protection of laboring women and children employed in foreign-invested enterprises and in private enterprises has already aroused great concern among the people from all walks of our society.

In short, when talking about human rights, first of all, we should not forget the human rights of women who make up half the entire population of human beings.

**By Gu Chunde [6253 2504 1795], professor and deputy director of the People's University Human Rights Research Center and executive council member of the China Human Rights Research Society: "The Guarantee of Human Rights in China's Judicature"**

Judicature is a special form of law enforcement by which a court case or a noncourt case is settled by means of applicable laws. Over the past 45 years since the founding of the PRC, especially over the past 15 years of reform and opening to the outside world, China's judiciary has made great efforts to safeguard and guarantee basic human rights by punishing criminals and protecting all the legitimate rights and interests of each citizen according to law.

The PRC Constitution stipulates that the personal freedom of the citizen is inviolable and that illegal detainment, illegal deprivation or restriction of personal freedom of the citizen by other means, and illegal body search of citizens is prohibited. This constitutional stipulation is carried out in every link of public security and judicial work as well as in the whole process of a lawsuit so that the right of personal freedom of the citizen is sufficiently safeguarded and guaranteed. The subpoena, criminal detainment, or arrest of criminals undergoes legal procedures and is subject to time limits. Only the people's court, people's procuratorate, and public security department have the right to detain or subpoena the accused according to the needs of cases; only the public security department has the right to administer criminal detention, the target of which shall be either an active criminal or a key suspect. Unless under such a legal emergency, the criminal detention will not be approved. Within 24 hours of the target being detained, the family members of the detainee or the organization with which the detainee works shall be notified of the reason for detention and the place of detainment unless the relevant investigation would otherwise be hindered or it is impossible for the notification to reach the recipient. Only the people's procuratorate and the people's court has the right to approve of or decide on the arrest of a

criminal and only the public security department has the right to perform the arrest of criminals. The arrest must meet the legal conditions, that is, the arrest only applies, according to law, to the criminal who has already been proved guilty of a crime and to whom, at least, the punishment of imprisonment is to be meted out while such measures as bail pending trial or home arrest appear insufficient to prevent possible social jeopardy that such an arrest becomes imperative. Thus, indiscriminate arrests will be effectively prevented and human rights can be adequately guaranteed.

The trial work of the people's court is conducted according to the principles and systems stipulated by laws such as independent performance of judicial authority, public trial, the defendant's right to defend himself, reliance on the masses of the people, the court of second instance and the court of final instance, the collegiate system, the challenge system, the review of death sentences, and the supervision of trials, etc., all of which effectively ensure the just performance of trials, protect the litigation right of the principal litigant, and guarantee the fairness of trials. Thus, human rights have been properly safeguarded and guaranteed.

After the judgment of the people's court, the convict is to be delivered to the prison or the reform-through-labor camp where the penalty is executed. The reform-through-labor camp carries out the guideline of: "Reform first, production second" as well as such policies as combination of leniency with punishment, revolutionary humanism, dealing with each case on its merits, and providing a way out, etc. Thus, the legal rights and interests as well as the basic human rights of convicts can be sufficiently protected and guaranteed.

In short, our administration of justice has indeed safeguarded and guaranteed basic human rights and will exert still more important functions in future.

**By Feng Zhuoran [7458 0587 3544], executive council member of the China Human Rights Research Society and the China Society of Historical Materialism, and director and professor of the Commission on Human Rights Issues: "Safeguard Human Rights and Oppose Hegemony"**

On 1 October 1949, Mao Zedong proclaimed the founding of the PRC and the liberation of the Chinese people. The proclamation marked the fact that the Chinese nation was no longer one which the imperialist aggressors were able to order about and trample upon unscrupulously. From then on, the human rights condition in China has been fundamentally changed and improved. As masters of their own country, the Chinese people began to enjoy their deserved human rights, which the imperialists were unwilling to see.

Let's review our history. During the 110 years between 1840 and 1949, the capital imperialists signed 1,100 unequal treaties with the corrupt reactionary governments of China, willfully infringing upon the national sovereignty of China and depriving the Chinese people

of their minimum rights to survive. They occupied by force huge expanses of Chinese territory, the total area of which is equivalent to that of three Frances or 15 Jiangsu Provinces; they extorted war indemnities from China totaling 100 billion ounces of silver; and they plundered and destroyed China's property. During the War Against Japanese Aggression between 1937 and 1945, Japan caused China direct financial losses of \$62 billion and an indirect loss of \$500 billion; the Japanese slaughtered common Chinese people. During the period of the Japanese invasion alone, more than 31 million servicemen and civilians were killed, wounded, or died of persecution; the Japanese trafficked in or fatally maltreated Chinese laborers. From the end of the 16th century to the beginning of the 20th century, 12 million Chinese laborers were abducted, kidnapped, or sold to various parts of the world. At the factories and mines run by Japanese in the northeast of China during the Japanese invasion, some 2 million Chinese laborers were tortured to death. The imperialists infringed upon the sovereignty of China by establishing the settlements, or concessions, where they enjoyed various privileges, and so on and so forth. All the historical facts indicate that it was the aggression of imperialists that caused the loss of China's national sovereignty and the loss of the survival right of the broad masses of the laboring people and caused the Chinese nation to face the grave danger of national subjugation and genocide. Therefore, only by fighting against imperialist hegemony and power politics can a nation win back its national independence and sovereignty as well as win and safeguard the people's human rights.

Let's look at the situation today. Since the Second World War, the colonial domination of capital imperialism has thoroughly collapsed. The peoples in the colonial and semi-colonial countries have got rid of the rule of imperialism and colonialism and won independence and liberation, thus their human rights conditions have improved to different degrees. However, the United States, the superpower whose strength exploded overnight during the two world wars, constantly claimed to play a "leading role" over the whole world: It will either impose military suppression or take economic sanctions if anyone else does not obey its "leadership" or manipulation; it tramples upon the sovereignty and human rights of the people of other countries, especially of the developing countries. As it is hard for imperialism to alter its nature of hegemony, the people in the different countries must oppose hegemonism and power politics. This is the truth which history and reality have taught us.

**By Fu Xuezhe [1381 1331 0772], professor of international law at the PRC People's Police Officers' University and member of the China Society of Historical Materialism Commission on Human Rights Issues: "Who Really Values Human Rights?"**

China has already acceded to the following major conventions on human rights: The Convention on the Elimination of All Forms of Discrimination Against Women,

the Protocol Relating to the Status of Refugees, the International Convention on the Suppression and Punishment of the Crime of Apartheid, the Convention on the Prevention and Punishment of the Crime of Genocide, the Convention Against Torture and Other Cruel, Inhuman, or Degrading Treatment or Punishment, and the United Nations Convention on the Rights of the Child. By contrast, by the end of July 1993, the United States has not yet acceded to (or signed or ratified) the abovementioned conventions except the one on the crime of genocide.

From the attitudes assumed by China and the United States respectively toward major conventions on human rights, it is easy to understand who really values human rights. It is no wonder Mr. Hagrov, executive vice president of the American Institute of International Law, once said: "What position can the United States take to pay attention to matters of human rights in other countries since it has not yet joined the major international conventions on human rights?" The United States has not joined the conventions on the elimination of racial discrimination and prevention of torture, because in the United States there exist grave issues of racial discrimination and police violence. The Los Angeles incident in May 1992 may well serve as an illustration because, in the turmoil, 58 people were killed, 2,328 injured, and 11,900 arrested. The sharp contrast to this is the fact that there is neither racial discrimination nor police violence in China. The Chinese police are people's police whose fundamental duty is to serve the people. In the crackdown on criminal offenses in recent years alone, 200 to 300 Chinese policemen have been killed each year.

#### **Case of Suspended Guangdong Paper Detailed**

*HK2601064195 Hong Kong SOUTH CHINA MORNING POST in English 26 Jan 95 p 15*

[By Chan Wai-fong]

[FBIS Transcribed Text] It might just have been a matter of communications, but when Beijing told Guangdong to stop the presses at MODERN MANKIND it took regional authorities more than a month to act. The time lag illustrates a seemingly widening difference of attitude towards the policy of opening up and reform between the more liberal and aggressive Guangdong and the increasingly paranoid Party central.

In the run-up to the imminent demise of 90-year-old patriarch Deng Xiaoping, there seems to be an increasing fear in the Party central of losing control of the media and of localities which have started turning a deaf ear to Beijing. Approved personally by a Politburo member, the order was issued by the State Press and Publications Administration on November 21, an informed source said. Four days later, the Propaganda Department of Guangdong's provincial party committee received the document.

But it was only on December 27 that the Guangdong Press and Publication Bureau relayed the directive ordering the newspaper to stop publication after December 31.

**MODERN MANKIND** was started as a weekly in 1985. In 1993 it formed a joint venture—Guangdong Modern Mankind Newspaper Management Ltd (MMNM)—with a subsidiary of CIM Co, the flagship of Hong Kong entrepreneur Yu Pun-hoi which also controls the **MING PAO** newspaper group.

"Guangdong doesn't want the newspaper to close down because both its party propaganda department and government publication bureau have lent their support to the joint venture from the very beginning," the source said. "Especially for the Press and Publication Bureau, the project has been considered as a step towards further reform and opening up. **MODERN MANKIND** is a test case."

Some senior party and government officials in the province engaged in a last-ditch effort to save the nine-year-old newspaper which had a reputation for being one of the most liberal in the country during the 80s. The paper was one of the "Four Little Newspapers"—so called because of their outspokenness—along with Shenzhen's **SHENZHEN YOUTH DAILY**, Shekou's **SHEKOU INFORMATION NEWSPAPER**, and Shanghai's **WORLD ECONOMIC HERALD**.

Sources said Yu Youjun, head of the Guangdong provincial party committee's Propaganda Department, had flown to Beijing twice to plead for a repeal of the order. Chen Yi, a Shanghai native and honorary publisher of **MODERN MANKIND**, who reportedly has direct access to Communist Party General Secretary Jiang Zemin, had promised to appeal to the party boss to rescue it. The source said Yu Fei, vice-chairman of the Guangdong People's Congress, had proposed that the body "adopt" the newspaper, whose only "crime," according to officials, was to be without a legitimate sponsor—a prerequisite for running a newspaper in China.

Zhou Shengying, director of the Guangdong Press and Publication Bureau, denied that the newspaper was closed because of its editorial or ties with CIM. "It's not because it's too outspoken. There have not been many 'deviations' (from the government line). Nor is it because of its Hong Kong partner ... The only reason basically is it does not have a sponsoring unit," he stressed. The ill-fated newspaper had been a unit under the Guangdong branch of the China Council for the Promotion of International Trade (CCPIT). But CCPIT severed the relationship last July.

"It is because our main business is to promote foreign trade and economics. And we lack the experience of doing news," explained Zhang Fuqing, general secretary of the Guangdong CCPIT. He would not comment on matters arising from the closure.

Apart from the Guangdong People's Congress, **MODERN MANKIND** approached at least five other organisations including an enterprise belonging to the provincial Chinese People's Political Consultative Conference, the Guangdong Trust and Investment Company and the Provincial Social Sciences Federation.

"Their responses were very positive at first. But when the newspaper approached them again, they all backed down," the source said, hinting that there has been pressure from higher levels to block any deal from materialising. "They (the top echelon) cannot afford even the slightest possibility of losing control now that the patriarch is to go at any time," the source said pointing to signs of regionalism and "anarchy" in the media as the cause of Beijing's tightening its grip. He added that the Hong Kong partner, Yu Pun-hoi, had also been a major factor leading to the newspaper's closure.

"The **XIN GUANG** is running as usual. So why should the **MODERN MANKIND** be closed down if not because it shares the same boss with the **MING PAO DAILY NEWS**, whose reporter Xi Yang was jailed for stealing state secrets in April 1994." **XIN GUANG** is a Chinese-language magazine launched last year by a joint venture formed between the long-based Sing Tao Holdings Ltd and the official **PEOPLE'S DAILY**.

"People saw in the news that Yu took to the streets with his staff for the release of Xi. They thought Yu was at the back, manipulating all the protest activities. And some suspected Yu's motives for getting into the newspaper business in China," the source said.

Waves of protests swept Hong Kong after the verdict on Xi in June and July last year. And it was in late July that the MMNM received a document issued by Guangdong's Foreign Trade and Economic Committee which accused MMNM of not having completed the necessary formalities with Beijing and ordered it to stop operation immediately. Sources said MMNM argued that it had secured the required approval from respective authorities in the province.

"Beijing is just trying to pick bones from an egg," a source in Guangzhou said, pointing out that it had taken some 10 months of negotiation before Guangdong's Foreign Trade and Economic Committee put its stamp of approval on the joint venture contract and another six months for the State Administration for Industry and Commerce to issue the licence.

"It (the joint venture company) said it just cannot go around Beijing knocking at each of the related authorities' doors again. We understand that Beijing's only purpose is to delink the newspaper from the Hong Kong company," the source said.

Beijing has never let go of its tight grip on the country's media, which is considered to be the mouthpiece of the Chinese Communist Party and the Government. But with a potential for tens of millions of readers, foreign investors have been struggling to get a bite of the newspaper and television market since China adopted reform and the opening up policy. However, except for Sing Tao's **XIN GUANG**, there have been virtually no success stories so far, and in the post-Deng era that looks unlikely to change.

**Media Warned of 'Wording' of Hong Kong, Macao, Taiwan**

*HK2601071995 Hong Kong MING PAO in Chinese 26 Jan 95 p a2*

[“Special article” by special correspondent Gao Shixu (7559 0013 2485): “Beijing Warns Media Against Incorrect Wording of National Betrayal and Humiliation”]

[FBIS Translated Text] The CPC Central Propaganda Department recently issued a document demanding that propaganda institutions watch wording, which concerns the PRC principled position and not use incorrect words which result in “impairing national sovereign power and incurring national humiliation.”

The document said: In recent years, joint ventures have developed rapidly and many of them have had investment from institutions and individuals in Hong Kong, Taiwan, and Macao. Such enterprises were called “Sino-Hong Kong joint ventures,” “Sino-Macao joint ventures,” or “Sino-Taiwan joint ventures.” The mass media also frequently used these terms. In fact, these titles were all incorrect because China has always regards Hong Kong, Macao, and Taiwan as parts of China’s territory and these areas cannot be put on a par with China. The Central Propaganda Department demanded that Hong Kong, Macao, and Taiwan be mentioned together with another mainland area; for example, a joint venture in Beijing should be called a “Beijing-Hong Kong joint venture” and one in Shanghai should be called a “Shanghai-Taiwan joint venture.”

The Central Propaganda Department document also said: As 1997 is drawing near, the mainland media carries increased reports about Hong Kong. However, some wording must be standardized. The current Chinese Government has never recognized Britain’s ruling power in Hong Kong, so the word “recovering Hong Kong” should not be used in reports; the right words should be “restoring the exercise of sovereignty over Hong Kong.” The current Hong Kong Government should not be called a “colonial government” but should be called the “British Hong Kong Government” or “British Hong Kong authorities.”

When the Taiwan Government is mentioned, the Central Propaganda Department said that quotation marks must be added to the names of the government institutions. The word “Taiwan side” should not be used; what should be used is “Taiwan area.”

When the mainland itself is mentioned in reports about Hong Kong, Macao, and Taiwan, the Central Propaganda Department demanded that such words as “China” or “Chinese side” not be used, nor the word “Chinese mainland.” The names of specific areas and government institutions should be used directly. If it is necessary to mention the mainland, the right wording should be “the mainland of the motherland.” The term “two sides of the strait and three areas” [liang an san di 0357 1489 0005 0966] should not be used either.

The circular by the Central Propaganda Department said: Some of the requirements are set out to deal with new problems, while others reiterate existing policies. The issuance of the circular is aimed at meeting the needs in the new situation. That is, the year 1997 is drawing near and exchanges between China [as published] and the Hong Kong, Macao, and Taiwan areas are continuously increasing. It is necessary to prevent the use of improper wording in relevant reports which may give readers a false impression of the independence of the Hong Kong, Macao, and Taiwan areas.

In addition, the Central Propaganda Department recently issued an urgent circular to the mass media in all parts of the mainland, suspending reports about the Sino-U.S. negotiations on intellectual property rights in order to prevent excessive public opinion pressure on the talks.

According to an official XINHUA report, the National External Propaganda Work Conference concluded yesterday. At the three-day meeting, Zeng Jianhui, director of the Information Office of the State Council, said that this year, external propaganda work should give accurate and timely information about China to the outside world, should answer questions the outside world is concerned about, and should enable the outside world to know about the actual situation in China.

Zeng Jianhui said: It is necessary to continue to keep close ties with foreign reporters residing in China and give more convenience to their news covering activities. Exchanges and mutual understanding with overseas mass media should also be increased. The XINHUA report did not mention anything about controlling words used in external reportage.

**Ideology Column on Whole, Part Relationship**

*HK2501083695 Beijing RENMIN RIBAO in Chinese 10 Jan 95 p 9*

[“Ideological Talk” column by Cao Bochun (2580 0130 4783): “Persist In Understanding and Handling Problems From an Overall Point of View”]

[FBIS Translated Text] The whole and the part are a pair of contradictions which are antagonistic toward, and united with, each other. The relationship between them is that, while the former leads and depends on the latter, the latter is subordinate to and gives impetus to the former. If the whole is compared to a game of chess, the part is like the chess pieces, whose positions and moves must conform to the requirements of the game. Without an overall strategy and a unified command, the game would be lost no matter how strong the combat effectiveness of an individual chess piece is. Similarly, the overall strategy in a chess game is deployed through the chess pieces. Under a unified command, correct moves on the part of the chess pieces can effectively promote the overall situation. Therefore, a basic principle for handling the relationship between the whole and the part properly is that the whole leads the part and the latter is

subordinate to the whole. The whole should arouse the initiative of the part to a maximum degree and the latter, in turn, should display its role to a maximum degree under the guidance of the former.

Leading party cadres, especially those in the localities, must firmly adopt an overall point of view and correctly handle the relationship between the whole and the part. By the whole we mean the overall situation of the party cause and state interests. By the part we mean the work and interest of a locality or department. Adopting an overall point of view means that we should proceed from the overall situation of the party cause and the overall interests of the state and the people and correctly understand and handle the relationship between the whole and the part. When there is a contradiction between the part and the whole, or between the localities and the central authorities, it is imperative for the part to be subordinate to the whole and for the localities to be subordinate to the central authorities. When necessary, the interests of the part and the localities may be sacrificed to ensure the interests of the whole and the state. Adopting an overall point of view is the need for our party's cause. Basically, Communists do not have private interests of their own. No matter where we work, our objective is to build socialism with Chinese characteristics. This is a great undertaking which can be achieved ultimately through the joint efforts and struggle of the whole party; in no way can it be represented by the interests or successes of the part. The fundamental significance of doing the work of the part properly is to win victory for the whole and push forward the cause of building socialism with Chinese characteristics. Adopting an overall point of view is also the need of ultimately achieving partial interests. The part cannot do without the whole because only by having the overall interests can the partial interests be guaranteed; if the overall interests are lost, the partial interests will also be lost in the end. In this sense, subordinating the part to the whole is in the interests not only of the whole but also the part and in the long-term and greater interests at that.

It is even more important to establish a socialist market economic structure and correctly handle the relationship between the whole and the part. We are facing a very arduous task in the changeover from a planned to a market economy. Since the Third Plenary Session of the 14th CPC Central Committee, our reform has entered a new development stage. Under the new historical conditions, whether or not we are subordinated to the overall situation and take the interests of the whole into account has a bearing on the success or failure of the reform. With the constant development of the socialist market economy, the trend toward various quarters acting independently, the diversified economic interests, and the increasingly acute market competition, all localities and departments will effectively give scope to their enthusiasm, initiative, and creativity and boost the development of the market economy. Meanwhile, there is also a possibility that departmentalism, decentralization, and local protectionism will grow and spread. Especially in

the changeover from the old to the new structure, the macroeconomic regulation and control system is less than perfect and the legal system has yet to be improved. Consciously adopting an overall point of view and enhancing the idea of coordinating all the activities of the nation like pieces in a chess game is all the more important to ensuring the healthy growth of the socialist market economy, more effectively implementing the party's basic line, deepening reform, opening wider to the outside world, boosting growth, and maintaining stability.

Local party leaders should bear in mind and grasp the overall situation, step up tempering in party spirit, observe party discipline, and consciously safeguard the authority of the party Central Committee. Ours is a big country with a vast territory and a huge population. Establishing a socialist market economic structure and advancing the modernization drive is a gigantic project. In order to win victory in both reform and construction, it is necessary to carry them out in an orderly way under the centralized unified leadership of the party Central Committee. The party's line, principles, and policies are the concentrated expression of the will and interests of the whole party and the people of the whole country. They are the policy decisions made by the party Central Committee from the high plane of the overall situation and strategy and on the basis of fully carrying forward democracy and implemented under its unified plan. Only when the whole party is subordinate to the central committee can our party genuinely maintain a high degree of unity politically, ideologically, organizationally, and in action and ultimately achieve the party's ideal and objective of struggle. All communist party members, especially leading party cadres, must act in strict accordance with democratic centralism, resolutely obey the party Central Committee, and be subordinate to the overall and highest interests of the whole party. To achieve centralized unified leadership, the party Central Committee must have authority. The more we open to the outside world and invigorate the economy, the more we should pay attention to authority; or else, we will be in a state of disarray and accomplish nothing. The important features of the market economy are the diversified interest patterns and the trend toward various quarters acting independently in their microeconomic activities. In spite of this, the overall and long-term interests of the state are always in the dominant position. All localities should develop their economy under the macroeconomic regulation and control of the central authorities and consciously accept the state's macroeconomic regulation and control. On no account should they consider themselves always in the right, with each going its own way or engaging in what is called "the higher authorities have policies, the localities have their countermeasures." Still less should they be allowed to act in violation of the law and standards of discipline. Discipline serves as a guarantee to safeguard the authority of the party Central Committee. Only by unifying the whole party's will and action with party

discipline, and identifying ourselves politically and ideologically with the party Central Committee, can such a big party as ours, with over 50 million party members, truly assume the great historical responsibility of leading the cause of building socialism with Chinese characteristics.

Great efforts should be made to study the world outlook and methodology of dialectical materialism. We rely on scientific ideas and methods to foster an overall point of view; if we depart from the stand, viewpoints, and methods of dialectical materialism, it will be impossible to have a conscientious, overall point of view. An important idea in Volume 3 of the *Selected Works of Deng Xiaoping* is the correct handling of the relationship between the whole and the part. In light of the reality in China's reform and construction, Comrade Deng Xiaoping has, on many occasions, profoundly expounded the relationship between the whole and the part. He called on all party comrades, especially leading party cadres at all levels, to "proceed from and consider the situation as a whole." He said: "We should have our eyes on the long-term and overall interests in considering problems. Many minor situations must be subordinate to the overall situation." In his view, the superiority of the socialist system lies in its ability to treat the whole country as a chess game and muster all forces to guarantee the focus and tackle important tasks. He spoke highly of Comrade Liu Bocheng, saying: "Comrade Bocheng has a strong party spirit, which is conspicuously manifested in that he proceeds from the overall interests of the party in considering problems, takes the overall situation into account, and is subordinate to the overall situation in everything. In the overall interests of the party, he always, unhesitatingly, sacrifices personal and partial interests and surmounts all difficulties to satisfactorily fulfill his tasks." In essence, the party's democratic centralism is an outcome of the application of the world outlook and methodology of dialectical materialism and historical materialism in the organizational building of proletarian political parties. It is a creative application of the party's mass line from the masses and to the masses, in the inner-party life system. Therefore, only by mastering a Marxist world outlook and methodology can we consciously implement democratic centralism.

Great efforts should be made to improve the art of leadership. We should master the art of leadership in correctly handling the relationship between the whole and the part. First, we should be able to understand and judge the situation in a down-to-earth manner. This is a precondition for grasping the overall situation and doing a good job. If we view the whole from the standpoint of the part, there will be differences in our understanding and analysis of the overall situation as a result of differences in position, in what we have in hand, and in the angles from which we consider problems. It often happens that what is good from a limited point of view may not be correct from an overall point of view and that what is good from an overall point of view may give

people different feelings if seen from a limited point of view. The crucial point lies in possessing the skills to look from an overall point of view and see through the outside appearance to get at the essence. Leaders should comprehensively keep abreast of developments, consciously set demands on and train themselves in thinking about important issues, take the overall situation into account, and voluntarily stand on the high plane of the overall situation to understand and analyze the situation. Second, great efforts should be made in linking theory with practice. We should comprehensively and accurately comprehend and grasp the party Central Committee's line, principles, and policies; master the spirit and essence; and, on the basis of profoundly understanding the reality, keeping abreast of the new developments, and studying new problems, closely combine implementation of the central spirit with the local reality, carry out our work creatively, maintain the vigor and vitality of local and grass-roots work, and serve, promote, and develop the overall situation. Third, we should learn to play the piano. The relationships between the whole and part are many-sided. We should carry out local work around the overall situation but we should not attend to one thing at the expense of another. As advocated by Comrade Mao Zedong, only when our 10 fingers move in coordination can we play wonderful music. Especially in a situation where the solution of certain local problems is of breakthrough significance to the development of the overall situation, it is all the more necessary to keep a firm hold on them in order to promote the overall situation.

\*Article Views Migrant Worker Crimes in Pudong  
95CM0076B Shanghai SHEHUI [SOCIETY] in  
Chinese No 118, Nov 94 pp 27-29

[Article by Wang Xiamin (3769 0204 2404): "Public Order Situation In Pudong's Alien Worker Gathering Points Demands Immediate Attention"]

[FBIS Translated Excerpt][Passages omitted]**Crimes in Alien Worker Gathering Points.** Between January and July 1994, more than a thousand nonresidents were investigated and dealt with for criminal offenses. This accounted for more than 60 percent of the area's total number of crime. Aliens were responsible for 73.2 percent of the criminal offenses and 62.3 percent of the violations of public order regulations. In an investigation of 62,782 people in the 782 alien gathering points, convicted criminals or crime suspects were found in 88, or 11.3 percent, of the gathering points; they sheltered 600 convicts, accounting for about 1 percent of the people living there. Specifically:

**1. Disputes of all kinds and minor incidents lead to frequent fights.** Between January and July 1994, alien workers were involved in 41 cases of fighting; 12 people were killed. Looking at the 600 people who have committed crimes in the 88 gathering points where crimes have occurred, 251, or 41.8 percent, were involved in fights. Alien workers usually group together by place of

origin and gather by occupation. They have little legal concept and rely on their sheer number to go around looking for trouble. Their motives are usually very simple. Often, wage disputes, pay conflicts, jealousy, or other little things start a fight between two or more workers from the same village. They disregard consequences, often causing casualties. [passage omitted]

**2. Roving gangs, unprovoked fights, and robbery and extortion.** Looking at the 600 subjects in the 88 gathering points where criminals activities have taken place, 93 people, or 15.5 percent, were involved in brawls, robberies, and extortion. Some were involved in armed robbery. On land, they ganged up to rob passers-by of their money, jewelry, and even passing motorcycles. On water, they robbed out-of-town boats moored in the harbor and targeted small business owners transporting goods and parcels on contract along the shores. Others were involved in blackmailing and extortion, sending out letters using names like "gang of psychotic killers," "dagger gang," or "bloody disaster" to extort money from contractors. They accused rice merchants of short-changing them and made excuses to openly rob other out-of-towners. Even others teamed up with local thugs to cause trouble. [passage omitted]

**3. Rampant thefts and robberies.** Investigations show that among the more than 600 criminals, 216, or 36 percent, were involved in robbery. Crimes committed by aliens take place mainly between the construction sites and the illegal procurement points, forming "two points and one line." Theft, transport, procurement, and sale of stolen goods form a continuous "dragon." It is learned that wherever there is a construction site, there will be illegal procurement points nearby, and there will be many gleaners with their pull carts. They are called gleaners, but in fact they are thieves and robbers. Many gathering points where out-of-town so-called garbage collectors assemble are actually hiding places for stolen goods.

**4. Trucks coming in from the outside illegally are in bad shape; drivers violate traffic laws and are reckless; they cause accidents and escape by abandoning their vehicles.** Between January and July 1994, there were 37 fatal traffic accidents involving out-of-town cars; 37 people died. They accounted for 44 percent of the fatal traffic accidents and 44 percent of the deaths. Investigations show that besides the alien gathering points in the new zone, there are other illegal truck gathering points—there are hand-pulled tractors, unlicensed trucks without headlights, and cars carrying "human cargo" with illegally-obtained licenses. To avoid checkpoints, they travel at night. But because of the bad condition of the cars and the drivers' unfamiliarity with the roads, there are many traffic violations and accidents. After they get into an accident, some bully their way out, beat up the innocent, threaten the police, or even abandon the car after causing a fatal accident. [passage omitted]

**5. Makeshift constructions in serious violation of regulations; the appearance of the city as well as public health are jeopardized; there are serious fire hazards.** Based on

incomplete statistics, there are 933 illegal structures erected by and rented or lent to alien workers. They total 13,549 square meters. Specifically, there are 583 buildings, measuring 8,634 square meters, put up illegally by local residents and another 350 buildings, measuring 4,915 square meters, put up illegally by out-of-towners. The structures in violation fall into the following categories: 1) Historically, shacks have been put up haphazardly in some boat people villages, and the situation has always been very bad. 2) Along Pudong's main water lines, some outside contractors of sand and stone and other individual business owners violate regulations by putting up office buildings and rest areas. 3) With the tacit approval of local village and brigade cadres, some migrant workers who plant crops and rear animals or who glean leftovers or gather used materials illegally build pig pens and rabbit hutches and create new "tribal villages." 4) Some local residents take advantage of the relocation program to illegally put up structures which they rent to the out-of-towners, and when a relocation order comes, they coerce the relevant departments into making new housing arrangements, paying compensation, and so on, driving hard bargains. In particular, illegal shacks put up by some out-of-towners who rear livestock and collect garbage are very unsightly. They ruin the city's appearance and create public health problems; some are serious potential fire hazards. If a fire should break out, it will spread quickly, and the consequences will be unthinkable. [passage omitted]

## Science & Technology

### Telecommunications Satellite Launch Fails

OW2501231995 Beijing XINHUA in English 2311  
GMT 25 Jan 95

[FBIS Transcribed Text] Xichang, January 26 (XINHUA)—China failed to sent a satellite into the scheduled orbit moments ago from the Xichang Satellite Launching Center in southwest China's Sichuan Province.

The Apstar-2 satellite belonged to the Hong Kong-based APT Satellite Company and was launched at about 6:40 [2240 GMT] this morning as schedule.

But just about a minute later, the flying object blasted and was seen broken into a number of huge pieces.

The cause of the blast was still unknown.

This is China's first commercial launch in 1995 and the second telecommunications satellite that China has launched for the APT Satellite Company. In July of last year, it succeeded in launching an Apstar-1 satellite for the company carried by a "Long March 3" rocket.

A "Long March 2E" rocket was used for this launching and it carried the largest payload in China.

Standing 49.7 m high, the rocket had a lift-off mass of 460 tons and was believed to be able to send a payload of 9.2 tons into lower orbit, according to satellite experts.

According to earlier reports, the Shanghai-based Pacific Insurance Corporation has insured the launching and initial orbit of the satellite for a record premium of 160 million US dollars.

#### More on Unsuccessful Launch

*OW2601031195 Beijing XINHUA Domestic Service in Chinese 0208 GMT 26 Jan 95*

[Report by Wang Jianmin and Jia Yuping from the satellite launching site]

[FBIS Translated Text] Xichang, 26 Jan (XINHUA)—China launched a HS601 APTSTAR-2 telecommunications satellite, made by Hughes Communications International Inc. of the United States, from the Xichang Satellite Launch Center with a Long March-2 heavy thrust cluster carrier rocket at 0640 this morning [2240 GMT 25 January]. After ignition, the rocket lifted off normally from the launch pad. During the flight course, an explosion occurred suddenly, destroying both the satellite and the rocket. At present, experts are conducting a trouble analysis using the collected data.

#### Beijing TV Broadcasts Explosion

*OW2601015195*

[FBIS Editorial Report] Beijing Central Television Program One Network in Mandarin at 2235 GMT on 25 January begins a live relay from the Xichang Satellite Launch Center in Sichuan Province on the launch of the Asia-Pacific No.2 satellite.

The opening shot shows an unidentified reporter, inside the control room of the Xichang Satellite Launch Center, announcing the live relay of the launch, saying: "The contract for this commercial launching service was signed between the China Great Wall Industry Corporation and the Asia-Pacific Telecommunications [APT] Satellite Company Limited of Hong Kong in January of 1994."

Camera cuts to medium shots and closeups of a Long March 2 heavy thrust cluster carrier rocket with four boosters standing on the launching pad. The reporter states that the rocket, with a liftoff weight of 460 metric tons, is capable of delivering a payload of 9.2 metric tons; and the satellite to be launched is a HS601 synchronous telecommunications satellite made by Hughes Communications International Inc. of the United States, weighing 1,255 kg, with 26 C-band and eight Ku-band transponders.

Next are medium and pan shots of the control room, showing a large screen on the center of the front wall, about 3 dozen technicians sitting before three rows of TV monitors, and a group of people sitting in the rear of the room. The reporter states: The control room is 6.2 km from the launch pad. Present are responsible persons from the Great Wall Industry Corporation, the China Institute of Carrier Rocket Technology, the China Satellite Launch Monitoring and Control System Department, and the Xichang Satellite Launch Center; chief

engineers of various departments; and responsible persons of the APT Satellite Company of Hong Kong and Hughes Inc. of the United States. In a viewing room on the second floor are more than 100 guests and well-known figures from nine countries and regions.

Camera cuts to medium shots and pan shots of groups of both outdoor and indoor viewers, followed by medium shots of the launch pad.

Following a series of commands heard over various long and medium shots of the rocket, including "ready" and "ignition," the rocket lifts off on schedule at 2240 GMT. Camera shows wide shots of the rocket's flame plume rising into the dark sky, while several persons shout about five times, "[word indistinct] signal normal," "[word indistinct] signal normal."

At 2241 GMT, the camera shows a closeup of the rocket exploding in midair, followed by wide shots of a dark sky with two tiny white dots on right upper corner.

Camera cuts to wide shots of the control room and the audio remains silent for about a minute, followed by a loud command, "all units please record the situation in detail."

At 2243 GMT the announcer reappears in the control room, stating: "Viewers, you have already seen from the screen that the launching of the Asia-Pacific No.2 satellite launched by our country for the APT Satellite Company has failed due to accident. We believe our astronauts experts, monitors, and controllers will surely join the parties concerned to find out the causes, sum up lessons, and strive for a successful launch next time. This live relay ends here."

#### More on Explosion

*OW2601033895 Beijing XINHUA in English 0238 GMT 26 Jan 95*

[FBIS Transcribed Text] Beijing, January 26 (XINHUA)—A Chinese rocket carrying a telecommunications satellite exploded during launching at 6:40 this morning [2240 GMT 25 January].

The HS601 Apstar-2 telecommunications satellite, made by the Hughes Corporation of the U.S., was being launched by a Long March No.2 carrier rocket from the Xichang Satellite Launching Center in southwest China's Sichuan Province.

The initial launch went off smoothly, but the rocket exploded before the satellite could reach orbit, according to sources from the launching center at Xichang.

Experts are analyzing the cause of the blast based on obtained data.

#### PIC To Settle Satellite Claim

*OW2601082095 Beijing XINHUA in English 0801 GMT 26 Jan 95*

[FBIS Transcribed Text] Beijing, January 26 (XINHUA/OANA)—The Shanghai-based Pacific Insurance Corporation (PIC) will settle the claim connected with the

explosion of the Apstar-2 satellite within 60 days, sources at the corporation said here today.

The satellite project, which failed shortly after take-off this morning, was insured by the PIC for 160 million U.S. dollars, the highest of its kind in the country.

The PIC spokesman said that the company has already sent experts to investigate the accident, adding that negotiations will soon be arranged with the insured party—the Hong Kong-based APT Satellite Company—after the cause of the failure is determined.

"Our company is able to handle the claim," he assured, noting that an overseas insurance company had signed an agreement with the PIC to reinsure the satellite project.

The U.S.-made telecommunications satellite was launched by a Chinese Long March No.2 rocket from the Sichuan Xichang Satellite Launching Center.

It's the second time that the PIC has insured a satellite project. It insured the No.1 Apstar satellite's launching, of which the premium stood at 130 million U.S. dollars.

As one of the top-three Chinese commercial insurance companies, the PIC offers more than 200 types of coverage, including aviation and space-flight insurance.

#### **S&T Commission Issues Appraisal Procedures**

*HK2501093695 Beijing GUANGMING RIBAO in Chinese 25 Nov 94 p 2*

[**"Procedures for Appraising Scientific and Technological Achievements"**]

[FBIS Translated Text] Order Number 19 of the State Science and Technology Commission of the People's Republic of China:

The "Procedures for Appraising Scientific and Technological Achievements," which go into effect on 1 January 1995, are herewith promulgated. Director Song Jian, 26 October 1994

#### **Chapter I. General Principles**

Article 1. To strengthen the administration of the work of appraising scientific and technological achievements (hereafter abbreviated S&T achievements), correctly determine the quality and standards of S&T achievements, promote improvement of S&T achievements, enhance S&T levels, and speed up popularization and application of S&T achievements, these procedures are formulated in accordance with the "Law on Scientific and Technological Progress of the People's Republic of China."

Article 2. The appraisal of S&T achievements means that relevant departments responsible for the administration of science and technology invite specialists in relevant fields to examine and appraise S&T achievements according to the stipulated form and procedures to draw proper conclusions.

Article 3. The appraisal of S&T achievements should be carried out by adhering to the principles of seeking truth from facts, having a democratic attitude in science, objectiveness and fairness, paying attention to quality, and stressing practical results to ensure the seriousness and scientific nature of the appraisal work.

Article 4. The appraisal of S&T achievements is one of the methods for examining and appraising the quality and standards of S&T achievements. The state encourages S&T achievements to be appraised and approved through various forms, such as market competition and academic debate.

Article 5. The State Science and Technology Commission (hereafter referred to as the SSTC for short) is in charge of the administration, guidance, and supervision of the work of appraising S&T achievements throughout the country.

The S&T commissions of the provinces, autonomous regions, and municipalities directly under the central government are in charge of the administration and supervision of local appraisal of S&T achievements.

Relevant departments under the State Council are in charge of the administration and supervision of appraisal of S&T achievements in these departments.

#### **Chapter II. The Scope of Appraisal**

Article 6. The achievements of applied technology covered by the scientific and technological plan (hereafter referred to as S&T plan for short) of the state, provinces, autonomous regions, municipalities, and relevant departments under the State Council, as well as a small number of major achievements of applied technology not covered by the plan, will be appraised according to these procedures.

The method for checking, accepting, and appraising the achievements of basic research and soft scientific research, and other scientific and technological achievements covered by the S&T plan will be stipulated separately by the SSTC.

Article 7. The following S&T achievements are not to be appraised:

- 1) The achievements of research in basic theory;
- 2) The achievements of research in soft science;
- 3) The achievements of applied technology that have applied for patents;
- 4) The achievements of applied technology that have been licensed for application;
- 5) The achievements of general applied technology developed by enterprises and institutions themselves;
- 6) S&T achievements which must be examined and approved by legal special departments according to state laws and regulations.

Article 8. Projects that violate state laws and regulations, or are harmful to the public interest, the environment, or resources are not to be accepted for appraisal. Those undergoing appraisal shall be stopped, and those that have passed appraisal shall be withdrawn.

### Chapter III. Organization of Appraisal

Article 9. The appraisal is organized by the SSTC, S&T commissions in provinces, autonomous regions, and municipalities, and administrative organs responsible for S&T achievements in relevant departments under the State Council (hereafter referred to as appraisal organizers for short). If necessary, relevant responsible departments of the provincial people's governments or other units concerned may be authorized to organize the appraisals or preside over the appraisals (hereafter referred to as appraisal presiders for short).

Article 10. The appraisal organizers and presiders may choose the following appraisal methods according to the characteristics of the S&T achievements:

1) Appraisal through testing: Professional technological testing units appraise S&T achievements through testing and examining performance indices.

2) Appraisal through meetings: Specialists in relevant fields conduct appraisals in the form of meetings. Those S&T achievements that need on-the-spot examination and testing and require discussion and response to arguments can be appraised in the form of meetings.

3) Appraisal through correspondence: Specialists in the field concerned appraise S&T achievements and relevant technical data through written examination. Those that do not need on-the-spot examination and testing and require no discussion or response to arguments can be appraised in the form of correspondence.

Article 11. If conducting appraisal through testing, appraisal organizers or presiders will authorize professional technological testing units recognized by relevant departments of the provinces, autonomous regions, municipalities, or departments under the State Council to undertake examination and testing. The testing reports produced by the professional technological testing units are the main basis for the appraisal. If necessary, the appraisal organizers or presiders may, together with the testing units, invite three to five specialists in the relevant field to form a specialist team for the testing and appraisal and present their comprehensive appraisal views.

Article 12. When adopting the method of appraisal through meetings, the appraisal organizers or appraisal presiders will appoint seven to 15 specialists in the relevant field to form an appraisal committee. At least four-fifths of the total number of appointed specialists must attend these meetings. The results of the appraisal must be approved by two-thirds of the committee's specialists or by three-fourths of the specialists present at the meeting.

Article 13. When using the method of appraisal through correspondence, the appraisal organizers or presiders will appoint five to nine specialists in the relevant field to form a committee of appraisal by correspondence. No fewer than four-fifths of the total number of the appointed specialists must provide appraisal comments by correspondence, and the appraisal results must be based on the comments presented by at least three-fourths of the specialists on the committee.

Article 14. Specialists in the relevant field appointed by the appraisal organizers or appraisal presiders should have the following qualifications:

1) Senior professional position (in special cases, young and middle-aged key scientific and technical personnel with intermediate professional positions can be appointed, but their number must not exceed one-fourth of the total number of appointed specialists);

2) Comparatively profound theoretical knowledge and practical experience in the same fields as the S&T achievements being appraised, and familiarity with technological developments in the field both at home and abroad;

3) Fine scientific and professional ethics.

Persons from units making S&T achievements, units that assign the appraisal task, or units entrusted to carry out the appraisal task are not allowed to take part in the appraisal work as specialists in the relevant field. Some special departments such as public security, state security, and national defense departments, can, for security reasons, follow other regulations in consideration of the necessity to maintain secrecy.

Under normal circumstances, the appraisal organizers and presiders will not, in general, appoint non-professionals as members of the appraisal committee, the technical testing group, or the appraisal correspondence committee.

Article 15. Specialists participating in appraisal work should provide comprehensive, earnest comments on the S&T achievements being appraised, and they are responsible for their comments.

Specialists participating in appraisal work should protect technical secrets of the appraised S&T achievements.

Article 16. Specialists participating in appraisal work have the following rights when performing this work:

1) The right to make independent comments on the appraised S&T achievements without interference from any units or individuals;

2) The right to ask the units or persons who have scored the S&T achievement to provide full and detailed technical data (including necessary original data), query them, ask for explanations, or require them to check their experimental or testing results;

3) The right to fully air their individual views, write different comments in the appraisal conclusion, or refuse to sign an appraisal conclusion;

4) The right to demand the removal of any interference that might affect normal progress of appraisal work, and, if necessary, the right to ask the appraisal organizers or presiders to terminate the appraisal work.

#### **Chapter IV. Appraisal Procedure**

Article 17. The units or persons scoring the S&T achievements under appraisal should apply for appraisal to the competent departments according to source of assignment or relationship of administrative subordination.

If the relationship of administrative subordination is unclear, the units or persons who score the S&T achievements may apply for appraisal to the local S&T commissions of the provinces, autonomous regions, or municipalities.

Article 18. The application for appraisal of S&T achievements should accord with the regulations stipulated in Article 6 and satisfy the following requirements:

1. Having fulfilled the requirements of a contract or the assigned requirements set forth in a task and planning document;
2. Not having any disputes concerning the listing of the names of units or individuals who score the S&T achievements in order of importance, or disputes concerning ownership rights;
3. Having complete technical data to satisfy the requirements of archival departments;
4. Having updated conclusive reports issued by scientific and technological information organs recognized by the State Science and Technology Commission, or S&T commissions in provinces, autonomous regions and municipalities, or relevant departments under the State Council.

Article 19. The appraisal organizer should clearly state within 30 days of receiving an appraisal application whether it accepts the application and issue a reply. Applications that satisfy appraisal requirements should be approved, and the units applying for appraisal should be accordingly informed. Those that fail to meet the requirements should not be accepted. For extremely important S&T achievements, administrative departments responsible for S&T achievements which handle the application may report the case to higher authorities for organizing the appraisal.

Article 20. Specialists participating in appraisal work are selected by appraisal organizers from the appraisal specialists in the SSTC, S&T commissions in the provinces, autonomous regions, and municipalities, or relevant departments under the State Council. Units that apply for appraisal are not allowed to recommend or appoint specialists.

Article 21. Appraisal organizers or presiders should send the relevant technical data of the appraised S&T achievements to the appraisal specialists at least 10 days before the appraisal date.

Article 22. Specialists must, after receiving the technical data, conscientiously examine them and prepare appraisal comments.

Article 23. The main contents of the S&T achievement appraisal are:

- 1) Whether the targets set in the contracts or plans have been met;
- 2) Whether technical data are complete and up to requirements;
- 3) The creativity, advanced nature, and degree of sophistication of the S&T achievement;
- 4) The value, conditions, and prospects for application and popularization of the S&T achievement;
- 5) Existing problems and suggestions for improvement.

Article 24. If the conclusive report does not state "existing problems" and "suggestions for improvement," it must be returned to the relevant units for re-appraisal and corrections [as published].

Article 25. The appraisal organizers and presiders must examine and check the appraisal results and make specific comments. If the appraisal results do not accord with the relevant stipulations of this document, the appraisal organizers or presiders must promptly point this out and ask the appraisal committee, testing unit, or correspondence appraisal committee to make corrections.

Article 26. The appraisal organizers will issue a "Certificate of Appraisal of Scientific and Technological Achievements" to each S&T achievement that passes appraisal.

Article 27. The documents and materials for appraising S&T achievements shall be separately filed by the appraisal organizers and units that apply for appraisal according to relevant regulations of the administrative department of scientific and technological archives.

#### **Chapter V. Appraisal Administration**

Article 28. Relevant persons participating in appraisal work must strictly abide by scientific and professional ethics, resist interference in appraisal work through various unhealthy practices, thus ensuring the seriousness and scientific nature of the appraisal work.

Article 29. In the course of applying for appraisal, those scoring S&T achievements should truthfully provide necessary technical materials, including true laboratory records, background material about the development of technology both at home and abroad, and reference materials that draw on the achievements or conclusions of other people.

Those who score S&T achievements are not allowed to give money (including coupons) or gifts, under whatever pretexts or reasons, to persons taking part in the appraisal work.

Article 30. Specialists participating in the appraisal must make a factual appraisal of the S&T achievements, and their conclusions must be scientific, objective, and accurate.

Article 31. The appraisal organizers and presiders must strictly limit the size of the appraisal meeting. Besides specialists and a small number of necessary administrators, no one else should be invited.

The appraisal organizers and presiders shall promptly halt and seriously investigate and handle unhealthy trends occurring during the appraisal.

Article 32. Upon finding errors in an appraisal of S&T achievements, the SSTC has the right to ask the S&T commissions of the relevant provinces, autonomous regions, or municipalities or relevant departments of the State Council to make corrections, whether the appraisal work has been completed or not. If the errors are serious and are not properly handled, the SSTC has the right to organize a re-appraisal or investigate the case.

Article 33. Upon finding errors in the appraisal of S&T achievements, S&T commissions of the provinces, autonomous regions, or municipalities, or relevant departments under the State Council departments, have the right to ask the authorized appraisal organizer to make corrections, whether the appraisal work has been completed or not. If the errors are serious, they have the right to make a direct investigation and handle the case.

Article 34. At their discretion, appraisal organizers may pay the specialists technical consulting fees for participating in the appraisal work.

#### Chapter VI. Legal Responsibilities

Article 35. If it proves to be true that the units or persons scoring S&T achievements pirated the achievements of others, or played favorites, committed irregularities, or

practiced fraud in the course of appraisal, the appraisal organizer must terminate the appraisal. If the appraisal has been completed, it must be canceled. If the state or society is harmed because of this, the units concerned or the higher authorities must mete out administrative punishment to those held directly responsible for the case.

Article 36. If working personnel of the appraisal organizers or presiders neglect their responsibilities, abuse their power for private gain, or take bribes, the departments to which they belong or the higher authorities must mete out administrative punishment.

Article 37. If the specialists taking part in the appraisal neglect their responsibility, deliberately falsify results, or produce harmful effects, the units they belong to or the higher authorities must give them administrative punishment and deprive them of their qualification for undertaking appraisal work.

Article 38. If personnel taking part in the appraisal reveal, use, or transfer to others key elements of the appraised S&T achievements without the consent of the units or persons scoring the achievements, they will be called to legal account according to relevant laws and regulations. If this has caused losses to the units or persons scoring the S&T achievements, they must compensate the loss.

If the case involves confidential technology of the state, it will be treated according to the "PRC Law on Protecting State Secrets" and relevant regulations on protecting scientific and technological secrets.

#### Chapter VII. Supplementary Articles

Article 39. These procedures are interpreted by the SSTC.

Article 40. These procedures go into effect on 1 January 1995. The "Procedures of the PRC State Science and Technology Commission for Appraising Scientific and Technological Achievements" promulgated by the State Science and Technology Commission on 26 October 1987 are terminated on the same date.

**General****Qiao Shi Inspects Shanghai 19-25 Jan**

*OW2501165295 Beijing XINHUA in English 1618  
GMT 25 Jan 95*

[FBIS Transcribed Text] Shanghai, January 25 (XINHUA)—Qiao Shi, chairman of the Standing Committee of the Chinese National People's Congress, made a week-long inspection tour of the country's largest economic center from January 19 to 25.

Qiao, also a member of the Standing Committee of the Political Bureau of the CPC Central Committee, stressed during his tour the importance of implementing the guidelines mapped out by the 14th National Congress of the Communist Party of China (CPC) and the recent National Economic Working Conference.

Qiao further noted that efforts should be made to keep in mind the overall status of the work of the Party and the nation, to seize every opportunity, carry out the reforms in deep-going way, take bold steps and pay attention to summing up experience, so as to ensure that the Party's guidelines are followed to the letter.

Listening to reports from local officials, Qiao affirmed outstanding achievements Shanghai municipality has made during the past several years.

Qiao paid close attention to the establishment of the modern enterprise system, and had special talks with the leading officials of a number of large and medium-sized State-owned enterprises.

He encouraged them to tapping the existing conditions to take further steps to explore, create, and then sum up the experience of successful work, and to overcome various kinds of difficulties, particularly the prominent ones, during the transition from the old system to the new one.

While visiting the Shanghai Volkswagen Automobile Co., Ltd. and the Shanghai Beiling Micro-Electronics Manufacturing Co., Ltd., Qiao spoke highly of their contributions to the building of high-tech, modern enterprises.

During his visit to the Pudong New Area, China's largest development zone, Qiao said he was pleased with the fast progress in the area, the use of foreign funds, and the remarkable achievements it scored in every aspect.

Meanwhile, he said "be certain that priority is given to the development of agriculture," when he was informed of advances in the "vegetable basket project" the local governments have launched to ease pressure in Shanghai that could be caused if there is a shortage of vegetables.

On his inspection tour, he also called for efforts to strengthen Party building, combat corruption, improve work methods, and effectively solve basic problems during the course of promoting material and cultural development.

Qiao was accompanied by Shanghai Mayor Huang Ju, Deputy Mayor Xu Kuangdi and other local officials during the inspection.

**Wu Bangguo Speech at Economic, Trade Meeting**

*OW250114995 Shanghai JIEFANG RIBAO in Chinese 12 Jan 95 p 1*

[“Excerpts” of speech by Wu Bangguo at the National Economic and Trade Conference on 20 December: “Deepening the Reform of State-Owned Enterprises and Improving the Quality of Economic Operations”—footnote indicates that the following excerpts of Wu's speech were provided exclusively to JIEFANG RIBAO for publication with the author's consent]

[FBIS Translated Text] This national economic and trade work conference has been a great success. To implement the guidelines of the central economic work conference, deeper the reform of state-owned enterprises, improve the quality of economic operations, and make a success of next year's economic work and trade, I would like to discuss several matters in light of the realities in the economic and trade sectors.

**Unifying Thinking on the Guidelines of the Central Economic Work Conference**

The central economic work conference that concluded in early December, was a very important meeting.

During that conference, General Secretary Jiang Zemin raised seven issues that should be understood correctly in economic work. We should earnestly examine these issues to gain a thorough understanding of them. Judging by the situation and tasks facing the economic and trade sectors, I think we should achieve greater unity of thinking on the following three important issues:

**(1) On the issue of controlling inflation.** The central economic work conference characterized this issue in three ways. First, it characterized inflation control as the primary task in next year's macroeconomic regulation and control, calling for substantial reductions in commodity retail prices. Second, it characterized inflation control as being crucial to correctly handling the relationship among reform, development, and stability. Third, it characterized inflation control as an important and urgent task in our current economic work, as well as an important principle that must be upheld over the long term.

Compared to previous rounds of inflation, the current round is striking in three aspects: The first is that inflation has persisted for a long time—about two years in a row. The second is that prices have risen substantially, with increases in the monthly chain index [yue huan bi 2588 3883 3024]. The third is that price increases have mainly occurred among agricultural and sideline products, with foodstuffs accounting for approximately 60 percent of retail price increases. For one thing, inflation involves the interests of numerous families as food constitutes the most important of daily

necessities, and has affected the livelihood of low-income people. For another, inflation is very harmful to economic development and can throw economic relations into chaos, result in the misdirection of resources, distort the pattern of interests, destabilize society, and obstruct progress in reform and development. Therefore, inflation control is both an economic and political issue.

At the central economic work conference, criticism was made of mentality—the thinking that curbing inflation is the central authorities' task, not a local job. So, our comrades in the economic and trade department, including leading comrades of enterprises, should not regard the job of curbing inflation as merely that of the agricultural, circulation, and banking departments, or a job that has nothing to do with industrial enterprises and with economic and trade work. Inflation has many causes; but if we dig deeper into these causes, we will find that it has something to do with incomplete reform in enterprises and with their poor economic efficiency. For instance, some enterprises with poor economic efficiency do not have the ability to endure higher production costs caused by the reform of the pricing system. So, the only way they know how to solve this problem is to increase the price of their products, thus causing higher commodity prices. Some enterprises have serious overstocking of goods, which ties up a large amount of capital funds, creates a negative mechanism, and forces the bank to increase money supply. The lack of clear and definite regulations on the financial sources for enterprise investment and lack of a system of responsibility for investment risks have let investment in fixed assets get out of control, causing inflation. Some enterprises, lacking a sound restraining mechanism, issue excessive wages and bonuses in violation of the state regulations on "keeping the range of consumption fund increases below the range of increases in economic returns and labor productivity." These problems can cause inflation, either directly or indirectly. For this reason, curbing inflation is also the task of the cadres and workers on the economic and trade front, not merely the work of the agricultural, circulation, and banking departments. What I want to particularly emphasize here is that state-owned enterprises have an important responsibility in curbing inflation. Enterprises should pay attention to their internal management, work hard to improve their operations and management, accelerate the change of operating mechanisms, and strive to reduce production costs so as to eliminate the necessity of raising the price of their products. They should not place the hopes of improving economic efficiency on unwarranted price increases. We should integrate the work of curbing inflation with that of deepening the reform of state-owned enterprises, and let state-owned enterprises, particularly large and medium state-owned ones, play an important role in stabilizing commodity prices and the market, and in curbing inflation.

In order to curb inflation, enterprises should persistently improve production results by yielding more output with less input and by raising their labor productivity. In

management, enterprises should raise their awareness of market demands, and strive to reduce overstocking and increase sales. In development, they should do what they are capable of; they should not blindly start new projects, nor should they undertake any fish-bait projects [a capital construction project in which only partial investment is made to get it started, so that it will serve as a bait to attract continued investment by others]; and they must persistently take the road of relying mainly on their own technological transformation to expand production. In consumption, they should adhere to the principle of keeping the range of total wage increases below the range of increases in economic returns, and of keeping the range of actual average wage increases for workers and staff members below the range of increases in labor productivity. They should strive to increase income and reduce expenditure, and avoid extravagance and waste. They must not issue more wages and bonuses than warranted. (2) **On the issue of improving the quality and benefits of economic growth.** The central economic work conference provided a very important guiding principle for our economic work in the next year and in the future, namely, vigorously improving the quality and benefits of economic growth and promoting a virtuous circle of the whole economy.

At present, the main problem facing China's economic growth lies not in a slow growth rate, but in poor quality and efficiency. The situation is manifested in the following four aspects. First, product mix cannot meet the needs of the market and overstocking is serious. Second, labor productivity is low. The per capita steel output of China's iron and steel industry is only 20-40 tonnes, while that of developed countries is 500-800 tonnes. It takes 7 million workers to produce 1.2 billion tonnes of raw coal in China, while it takes only 150,000 workers to produce 1 billion tonnes of commodity coal in the United States. This contrast shows China's labor productivity is very low. Third, products have a low science and technology content and yield low added value. China exports about \$15 billion's worth of garments and textile products every year. Garments are exported from China at an average price of \$3-plus apiece, but the average export price of garments produced by developed Western countries is \$80-\$100 apiece. The rate of contribution to economic growth by the technical advance factor stands at only around 28 percent in China. It not only falls far short of the developed countries' level of 50-70 percent, but is lower than the developing countries' level of 30 percent. Fourth, material and energy consumption is very high. The consumption of primary energy sources and steel by unit GNP in China is higher than that in the United States by about 400 and 700 percent respectively. All this shows that the quality and benefits of China's economic growth are poor. When we study and implement the guidelines of the central economic work conference, we must devise ways to increase the "three benefits," namely, the benefits to be derived from the optimization of structure; appropriate scale of

operation; and scientific and technological advance, raised by Comrade Zemin during the economic work conference.

Increasing benefits from the optimization of structure means that we must intensify the readjustment of the industrial structure, product mix, and enterprises' organizational structure; rationally readjust the structure of investment in fixed assets in the whole society; and take the whole situation into account and plan accordingly, rationalize industrial distribution, do what we are capable of, and emphasize practical results. Increasing benefits from appropriate scale of operation means that we must pay attention to developing an economy of scale; continue to successfully conduct the work of promoting large business conglomerates on a trial basis; encourage them to expand the scale of operations, organize specialized production, and improve economic returns; and develop transregional and intertrade business conglomerates that combine the industrial, technological, trade, and banking sectors through various channels. Increasing benefits from scientific and technological advance means that we must step up technical transformation among existing enterprises, accelerate enterprises' technical advance, and vigorously expedite the process of turning science and technology into actual productive forces.

In short, vigorously improving the quality and benefits of economic growth has a bearing on the overall situation of reform, development, and stability; and on the overall situation of sustained, rapid, and healthy national economic development [guo min jing ji chi xu kuai su jian kang fa zhan 0948 3046 4842 3444 2170 4958 1816 6643 0256 1660 4099 1455]. It has extremely important strategic and immediate significance no matter whether it is viewed from the perspective of the long-term strategy of China's economic development or from the perspective of current economic operations. (3) **On the issue of treating the deepening of state-owned enterprise reform as the major task of next year's economic restructuring.** Regarding the reform of enterprises, I think it is necessary to elaborate a few issues concerning our understanding. **First, we must understand the urgency of enterprise reform.** Let us take a look at the following three groups of figures. 1. The percentages of major economic indicators of state-owned industrial enterprises among China's industrial enterprises in 1993: The number of enterprises 19.35 percent, number of staffers and workers 57.34 percent, total amount of assets 69.54 percent, sales income 62.32 percent, sales tax payment 73.60 percent, and total amount of profits 54.92 percent. This shows that state-owned enterprises constitute the mainstay of the national economy and primary source of state revenue. 2. At present, 43.4 percent of state-owned enterprises are operating at a loss. This shows that, on the whole, a number of difficulties and problems exist in the production and management of state-owned enterprises and that their economic benefits are poor. 3. The industrial sales and output value of industrial enterprises in townships and areas above the level of township in

China between January and November this year posted a growth rate of 20.87 percent over the same period of last year. Among them, collective enterprises posted a growth rate of 30.88 percent, other economic groupings 46.46 percent, and state-owned enterprises only 5.79 percent. It is not hard for us to see from the abovementioned three groups of figures that, on the one hand, state-owned enterprises constitute the mainstay of China's national economy and the primary source of its financial revenue and that, on the other hand, they face tremendous difficulties and lack the capability to compete when various economic sectors coexist. Western economists assert that China simply must implement economic privatization. Therefore, successfully carrying out reform of state-owned enterprises has a bearing not only on whether we can promote the sustained, rapid, and healthy development of China's economy, but also on the cardinal issue of whether we can consolidate the basic system of socialism in China. We must treat the reform of state-owned enterprises as an extremely urgent task and conscientiously pay close attention to successfully carrying out the reform.

**Second, we must have a full understanding of the difficulty of enterprise reform.** The reform of state-owned enterprises is a long-term task. The goal in terms of timing raised by the central economic work conference is to properly solve the problems of state-owned enterprises by the end of this century. The reason is quite obvious: "It takes more than one cold day for a river to freeze three feet deep." The difficulties and problems besetting state-owned enterprises have been brewing for quite some time. Solving problems that have accumulated over history requires an historical process. The problems reported by state-owned enterprises are not purely their problems. They are, rather, a comprehensive reflection of various profound problems existing in the national economy. Supportive reform measures need to be implemented. In carrying out reform, we must take into consideration the capability of the state, enterprises, and society to withstand and correctly handle the relationship among reform, development, and stability. Therefore, we must have a clear understanding of the complications and difficulty of state-owned enterprise reform. While pressing forward in the face of difficulties and paying close attention to solving problems, we must be prepared to make arduous efforts over a protracted period of time. **Third, we must further boost confidence in successfully running state-owned enterprises.** When addressing the central economic work conference, Comrade Zemin spoke of "three keys" in connection with the important significance of successfully running large and medium state-owned enterprises—the key to building socialism with Chinese characteristics lies in successfully running large and medium state-owned enterprises; the key to accelerating the establishment of a socialist market economic system lies in making substantive progress in the reform of large and medium state-owned enterprises; and the key to gaining a favorable position for fierce international economic competition in the 21st

century lies in comprehensively enhancing the competitiveness of large and medium state-owned enterprises. I believe we should foster the confidence that state-owned enterprises can also be successfully run under the condition of developing a market economy. A large number of state-owned enterprises that have adopted flexible mechanisms, produce good economic returns, and enjoy a reputation on both the domestic and international markets have come to the fore in China since the eighties. The orientation, guiding ideology, ways, and methods for the reform of state-owned enterprises have all been clearly defined by now. So long as we successfully carry out various tasks aimed at deepening the reform of enterprises in accordance with the plans mapped out by the party Central Committee and State Council, we will surely be able to solve the difficulties and problems existing in state-owned enterprises, and to run them successfully.

**Focusing on Improving the Overall Quality of the State Economic Sector in Reforming State-Owned Enterprises**  
The central economic work conference decided to focus on reforming state-owned enterprises when deepening economic reform next year. We have made ample efforts in this respect. Rare opportunities for deepening enterprise reform have arisen because we have laid a fairly sound foundation and created quite favorable conditions. Here, I would like to further stress the following points:

(1) **We should not rush headlong into mass action or take a uniform approach in reforming state-owned enterprises on a trial basis. Instead, we should conduct experiments in a down-to-earth manner.** We should be keenly aware that the primary task of state macroeconomic regulation and control next year is to control inflation, and this task is very formidable. To control inflation, the state will adopt moderately tight monetary and fiscal policies next year, and strictly control excessive growth in fixed asset investment and consumption funds. Meanwhile, the current problem of debts among enterprises is seriously impeding enterprises' normal production and operations, and causing disorder in production and distribution. Some areas continue to suffer considerable financial woes. This type of restrictive macroeconomic environment has compounded enterprise reform. If experiments with enterprise reform are to be launched extensively under such conditions, we will not have enough resources or be able to take care of all interests. On the other hand, we still lack experience in establishing a modern enterprise system, in instituting a system for overseeing and managing state-owned assets, in implementing the system for declaring enterprises bankrupt, and in establishing a social security system. We need to explore these systems further. Next year's enterprise reform, therefore, should focus on experimentation. We should earnestly run experiments in establishing a modern enterprise system at 100 enterprises, in setting up 56 enterprise groups and three state holding companies, and in "optimizing the capital structure" of 18 urban enterprises, all of which were specified by the

State Council. In particular, we should coordinate our efforts regarding the 100 pilot enterprises and the 18 pilot urban enterprises.

Experimentation means genuine testing, not resorting to formalism, going through the motions, or evading contradictions and difficulties. We should take practical and effective measures to help pilot enterprises solve their practical problems. It is true that state-owned enterprises are now facing many difficulties, examples of which include their traditionally heavy burdens, unduly high asset-liability ratios, small shares of working capital, large numbers of surplus personnel, excessively heavy social responsibilities, outdated technology and equipment, failure to separate government administration from enterprise management, lack of clearly defined investor responsibilities, extensive losses, and serious interlocking debts. While we are not yet in a position to solve these problems in an all-around way, we should actively explore them while carrying out experimentation at the 100 pilot enterprises, work out solutions, and strive for significant breakthroughs on these intractable problems. To solve the problem of unduly high asset-liability ratios in enterprises, for example, the central economic work conference explicitly called for adopting a multitude of measures to deal with the issue of state-owned enterprises' previous debts and social burdens, as well as to solve problems in the course of enterprise reform, production, and operations. Next year, we may select some cities or enterprises for purposes of running debt-repayment and reorganization experiments in financial institutions, banks, and state-owned enterprises. Our job is to form new mechanisms and systems through our experimentation with the modern enterprise system in accordance with the course charted by the central authorities. This will give rise to mechanisms by which enterprises will assume sole responsibility for their own profits and losses, well-run enterprises will survive and poorly run enterprises will go out of existence, and incentives and disincentives will be meted out. It will also lead to a modern enterprise system under which property rights are clearly defined, rights and duties are clearly delineated, government administration is separate from enterprise management, and scientific management is practiced. This will pave the way for gaining experience in guiding and promoting overall enterprise reform. (2) **We should focus on improving the overall quality of the state economic sector in the reform of state-owned enterprises.** One of the characteristics of a socialist market economy is its ability to make successful enterprises prosper and those that fail be eliminated in intense market competition; and to make production factors flow toward enterprises with good economic efficiency under the guidance of macroeconomic regulation and control and under the market principle, and thus to achieve an optimized combination of production factors. This means that some enterprises will go bankrupt and be merged with successful enterprises even after the socialist market economic structure is established. To improve the overall quality of the state sector of the

economy, it is necessary to support industries and enterprises with good economic efficiency and cultivate a number of enterprise groups. These industries, enterprises, and enterprise groups are appraised according to the following criteria: One is that they have a bearing on the lifelines of the national economy and conform to the government's industrial policy. Next is that they are in the front ranks of important industries and trades. The third is that they operate on a considerably large scale, have large assets, and are major profit earners and taxpayers to the state. According to statistics on 500 large state-owned enterprises, although they account for only 0.7 percent of the total number of state-owned enterprises, their assets account for 37 percent of the total, their sales revenue account for 46 percent of the total, and the profits earned by them account for 63 percent of the total. They constitute a small portion of the total number of state-owned enterprises but they are crucial to the national economy. If we run 500 to 1,000 such large state-owned enterprises well across the country, we will be able to ensure success in the major part of the state sector of the economy. It is of significance to run these key large enterprises well, not only because they play a vital role in our national economy, but also because with further improvement in economic efficiency and further enlargement in operational scale in these enterprises with good economic efficiency, they will bring along, through their capital and asset connections, a large number of other enterprises; promote organizational and structural readjustment; and create more room for enterprises with poor economic efficiency to close down, suspend operations, merge with others or switch to the manufacturing of other products. One good move can lead to the winning of a chess game. The chain reaction of the development of 500 to 1,000 enterprises can gradually invigorate the entire state sector of economy.

To run key enterprises and enterprise groups well, a very important thing to do is to train and cultivate a number of outstanding entrepreneurs. Comrade Li Peng has repeatedly said that success in running an enterprise well lies in having a good leading body, a good product, and a good operating mechanism. An improvement of the external environment cannot replace the role of entrepreneurs. To cultivate a large contingent of entrepreneurs who know the socialist market economy and their own jobs is a basis for good enterprise management, as well as an important step in running state-owned enterprises well. Entrepreneurs should have a strong enterprising initiative, good political quality and good ability, and know the market economy. In order to improve their quality and ability, renew their concepts, and strengthen their enterprising initiative, it is necessary to enable them to toughen themselves during the course of practice, and it is also necessary to create a favorable environment and favorable conditions for them. All localities should explore ways to cultivate and manage plant directors and managers of enterprises; gradually establish the systems and procedures for the training, hiring,

and management of senior enterprise managerial personnel; build relevant motivational and restraining mechanisms; and create a contingent of outstanding entrepreneurs who meet the requirements of a socialist market economy. (3) We should integrate restructuring, reorganization, and transformation in an organic way. The goal of reforming state-owned enterprises is to improve them, raise their standards and economic returns, and make them more competitive. For this reason, reform of state-owned enterprise must not be limited to redefining their property rights. Rather, we must closely integrate structural readjustment with technical progress in the enterprises in line with the state's industrial policy and technical innovation plans.

Speaking of technical transformation, we should, first of all, place greater efforts on implementing technical transformation. A XINHUA NEWS AGENCY's reference item noted that in the decade between 1984 and 1994, every yuan China invested in technical transformation generated two yuan in output and 0.4-0.6 yuan in profits and taxes. Technical transformation investment takes only 40 percent of what it takes to build a capital construction project of the same scale, the output and profits and taxes are double those of a newly built project, and it takes only half the construction time of a new project. The Yanshan Petrochemical Corporation spent 2.8 billion yuan and 28 months to renovate an ethylene project with an annual capacity of 300,000 metric tons into one with 450,000 metric tons capacity. On the other hand, to build an ethylene enterprise with annual production of 150,000 metric tons would require 6-7 billion yuan in investment and 4-5 years of construction time. It is thus clear that placing greater efforts—and more investment—on technical transformation is good for the performance and efficiency of national economic growth.

Second, there should be a favorable tilt toward selected industries and enterprises—this is a key principle for technical transformation. We should provide solid support for a number of selected key enterprises and priority technical transformation projects along with the readjustment of product structures and promotion of new growth industries. We should implement preferential measures for selected industries and enterprises and bring up the technical and equipment levels throughout these industries. The policy of placing greater efforts on and accelerating technical transformation must be implemented in close connection with pilot reforms in 18 selected cities and 100 selected enterprises to bolster the intensification of enterprise reform.

Third, we should effect, step by step, "three changes" while implementing technical transformation. In terms of investment, there should be a change from government to enterprise as the principal investor. This requires the enterprise to accumulate more funds, expand its sources of funding, invest more of the funds at its disposal, choose good investment projects, raise returns on its investment, and be more capable of

developing on its own. In terms of management style, there should be a change from emphasizing approving projects to providing policy guidance. In terms of the scope covered by administration, there should be a change from managing only state-owned enterprises to society-wide administration focusing on state-owned enterprises. These "three changes" embody the new requirements for technical transformation under market economy conditions; they represent the direction for technical transformation. Technical transformation must strive to meet the needs of the new situation, implement the "three changes" step by step, and strive to usher in a new situation in technical transformation.

#### **Mastering Market Economy Methods To Ensure the National Economy's Comprehensive Coordination**

Ensuring the national economy's comprehensive coordination is one of the State Economic and Trade Commission's [SETC] primary functions. In accordance with central economic work conference guidelines, strengthening and improving macroeconomic control and regulation will be the major task of economic work next year. To concretely carry out this task, the SETC will strive to ensure comprehensive coordination of national economy's operations and raise the quality and efficiency of economic operations to promote a sustained, rapid, and healthy national development and all-round social progress. Next year's macroeconomic environment will definitely not be relaxed. SETC comrades should stick to the effective methods that have been used to coordinate this year's economic cooperation and should explore new methods for ensuring coordination of economic operations under difficult circumstances. A very important aspect of the SETC's work in this regard is to master the market economy's control and regulatory methods to improve the quality and efficiency of economic operations. Along with the gradual establishment of a socialist market economic structure, some control and regulatory levers suitable for a planned economy will gradually give way to other control and regulatory levers for a market economy. For example, as a result of the lifting of price controls on over 90 percent of commodities, it is now difficult to control and regulate prices through planning. However, with the development of a market economy, how to use the fund procurement lever to control and regulate the flow of materials and commodities and to balance production, supply, and marketing has become an issue that deserves more and more attention and efforts to find a solution. In addition, we should also diligently study and solve issues concerning how to use market economy methods to control national economic operations under the new environment in the face of both international and domestic markets, resources, and funds; and how to ensure the leading role of microeconomic and advance regulations while guarding against major economic fluctuations. Economic and trade front comrades, especially leading comrades, must step up studies and enhance their ability to apply the market economy so as to do a good job in next year's economic work.

#### **Wu Bangguo Visits State-Owned Enterprises in Tianjin**

*OW2501164895 Beijing XINHUA in English 1621  
GMT 25 Jan 95*

[FBIS Transcribed Text] Beijing, January 25 (XINHUA)—A senior Chinese official today called on State-run enterprises to make even greater contributions during his inspection tour of Tianjin, the largest port in north China.

Wu Bangguo, member of the Political Bureau of the Central Committee of the Communist Party of China (CPC), drove home the point that in the era of developing a socialist market economy, State-owned enterprises should make added efforts to thoroughly study market changes and pool the knowledge of all kinds of people so as to blaze a new trail of development.

"To do this will mean helping the State-owned enterprises accustom themselves to the market, extricate themselves from a difficult position, and create new achievements," Wu explained.

Accompanied by senior municipal officials, Wu visited a number of State-run steel, motorcycle, and bicycle companies today, making himself acquainted with the production and management techniques of the enterprises.

He also had a cordial talk with workers in the factories and inquired extensively about the matter of how some of the enterprises who have suffered losses can extricate themselves from the difficult situation.

"They encounter difficulties because their products lack competitiveness in the market, in addition to their shortage of working capital," he said, adding that, on the other hand, they enjoy the advantage of qualified personnel, and sound management, and technology.

Just as long as they are geared up for the market economy, and keep up the reforms, develop new technology and products, and keep improving product quality, they will be able to make their products more competitive in the market.

#### **Economic Efficiency Appraisal System Adopted**

*OW2601035295 Beijing XINHUA Domestic Service in Chinese 1307 GMT 13 Jan 95*

[FBIS Translated Text] Beijing, 13 Jan (XINHUA)—In light of the requirement for setting up a modern enterprise system, the Ministry of Finance has established a new appraisal index system for judging the economic efficiency of enterprises, beginning this year. The following is a recent XINHUA interview with Vice Finance Minister Zhang Youcai on the subject:

[XINHUA] Why has the Ministry of Finance chosen to introduce a new appraisal index system for the economic efficiency of enterprises at the beginning of this year?

[Zhang] The time is now ripe for the Ministry of Finance to introduce such a system at the beginning of this year.

First, the CPC Central Committee and the State Council have always paid great attention to the economic efficiency of enterprises. They have put forward a principle for the economic work which focuses on the promotion of economic efficiency. The Central Economic Work Conference held at the end of last year emphasized that it is necessary to pay attention to overall economic quality and efficiency. Secondly, various macroeconomic reforms conducted in the fields of finance, taxation, banking, foreign exchange, foreign trade, and investment in 1994 have already established an initial framework for a socialist market economy and created a favorable condition for the reform of enterprises, as well as their management. Now is the time for strengthening enterprises' management and economic efficiency. Third, starting from 1 July 1993, China began to carry out a new finance and accounting system for enterprises. As a result, China has unified various finance and accounting systems practiced by the enterprises of different kinds of ownership, organizational forms, and management systems, and removed the obstacles brought about by the different finance and accounting systems, for the appraisal of the economic efficiency of enterprises.

Against such a background, it has become extremely important and urgent to promote the economic efficiency of enterprises by formulating a new appraisal index system. On the basis of a conscientious study and careful verification, the Ministry of Finance has selected 10 indexes from various appraisal indexes for the economic efficiency of enterprises. These 10 indexes form an appraisal index system.

[XINHUA] What aspects were taken into consideration when the ministry formulated such a system?

[Zhang] We developed this system mainly out of consideration for the investors of an enterprise, its creditors, and the contributions an enterprise can make to society. From the viewpoint of an investor, what is important is the ability of an enterprise to make a profit, as well as its ability to preserve and increase the value of his investment. This is the original purpose of investors in establishing an enterprise. This is also a goal or orientation for the management of an enterprise. The index for this category includes the sales profit rate, return on total assets, rate of return, and rates of preserving and increasing the value of an investment.

From the viewpoint of a creditor, what is important is an enterprise's financial situation, that is, the asset liability ratio and debt-payment ability. The index for this category includes the asset liability ratio, liquidity ratio (or quick ratio), turnover ratio of receivables, and inventory turnover ratio.

From the view of the state or society, major considerations should be given to the contributions an enterprise can make to the state or society. The index of this category includes the social contribution rate and social accumulation rate.

[XINHUA] When will this system be carried out?

[Zhang] The Ministry of Finance issued a document the other day saying the system will be put into trial use among industrial enterprises in 1995.

[XINHUA] What functions can this system exercise?

[Zhang] The first thing I would like to explain is this: The economic efficiency of an enterprise is created through its production and management. An overall appraisal of the economic efficiency of an enterprise is aimed at promoting its economic performance. As for the functions of this system, we hope, as the designer of this system, that it will serve to promote the economic efficiency of an enterprise in the following aspects: First, it serves as a yardstick for comprehensively appraising and reflecting the economic efficiency of an enterprise, thus providing a basis for governmental departments at various levels to formulate and implement various macroeconomic policies and measures including industrial policy. We used to have an idea about ranking enterprises according to their economic performance and provide policy-oriented preferential supports, such as financial supports, to the enterprises that have good potential. Now that we have such a system, it is possible for us to do this. Second, it is a yardstick for horizontal comparison among enterprises, prodding those enterprises with low economic efficiency to find out where they have lagged behind and work hard to tap their potential so as to improve their economic performance. Third, it serves as a guide for enterprises to overcome their old practices of focusing on the output value and high input and gradually turn their attention toward an increase of the overall economic performance, including the profit level, awareness of the importance of preserving the capital, and correct treatment of the relations between the state, the enterprise, and the workers.

[XINHUA] What should we pay attention to in using this index system?

[Zhang] This index system is currently in a stage of popularization and trial. We will revise and improve it based on any problems discovered during the trial. I would like to call people's attention to the following matters:

First, the new appraisal index system for economic efficiency of enterprises is an improved version of the old one. Six of the 10 indexes—the sales profit rate, the rate of return, the asset-liability ratio, the current ratio (or quick ratio), the accounts receivable turnover, and the inventory turnover ratio—have already been stipulated in the new enterprise financial system. The remaining four—the return on total assets, the rate of value-preserving and value-increasing of capital, the social contribution indicator, and the social accumulation efficiency—were designed after summing up relevant indexes. We may say that the new index system is an improvement, not negation, of the old index system. Some old appraisal practices, if effective, may still be applied in conjunction with new practices.

Second, the social contribution indicator and the social accumulation efficiency, involving the profit earnings and the profit delivery and tax payment to the state, are even more practicable. We pointed out in the past that the amount of profit earnings and the amount of profit delivery and tax payments to the state could be used as criteria in evaluating the contributions of profit-making enterprises, but they were inapplicable to any enterprises which mainly work for social benefits; however, we had long been accustomed to applying the index of profit earnings and the index of profit delivery and tax payments to the state. Since the taxation and accounting systems for enterprises were standardized, and particularly since the general implementation of the value-added tax, the above two indexes have become more and more inapplicable. Therefore, we have designed the social contribution indicator and the social accumulation efficiency which can reflect the contributions made by enterprises to the state or to the society in terms of economic efficiency and social benefits. These two new indexes reflect the contributions made by enterprises not only in terms of profit earnings and tax payment, but also in terms of wage payments, welfare, and interest payments. This is a great improvement. Of course, the index of profit earnings and the index of profit delivery and tax payments to the state are still applicable to profit-making enterprises.

Third, the pricing system has not yet been completely straightened out, and enterprise operation is, to a fairly great extent, subject to the effects of macroeconomic readjustment and other readjustments of a policy nature. So, the above factors should be considered when we appraise and report the economic efficiency of enterprises. In the long run, when the pricing system is straightened out and the means of state macroeconomic regulation and control become sound, the advantages of the aforesaid index system will become clearer and clearer.

#### **Land Use Rights Management Rules Promulgated**

*HK2601011895 Beijing XINHUA Domestic Service in Chinese 2116 GMT 5 Jan 95*

[FBIS Translated Text] Beijing, 5 Jan (XINHUA)—In order to implement the PRC Company Law and to regularize the management of land use rights in relation to joint-stock companies, the State Land Administration and the State Commission for Economic Restructuring recently jointly laid down the Interim Rules on the Management of Land Use Rights of Joint-Stock Companies, and required that all local authorities strictly implement the rules.

The full text of the Interim Rules on the Management of Land Use Rights of Joint-Stock Companies is as follows:

Article 1 In order to deepen enterprise reform, optimize the distribution of land resources, and regularize the management of land use rights in the process of setting up a joint-stock company, these rules are formulated in

accordance with the PRC Company Law and the relevant land laws and regulations of the state.

Article 2 Assessment of land value should be based on the registration of land use rights according to law and the possession of certificates for the use of state-owned land. Land in use that has not been registered with the authorities should now be registered with local land administrations, and the land users should apply for land use certificates.

Article 3 Land used by a new or reorganized company should be reassessed. The results of the assessment should be examined first by the land administrative department of the county or city people's government, and be approved and affirmed according to the scope of the powers specified in Article 6.

Article 4 A new or reorganized company whose shares are listed on the stock exchange must have the land it uses assessed by an A-class survey and assessment organ; other companies should have the land they use assessed by A-class or B-class organs.

Article 5 The survey and assessment organ should conclude an assessment agreement with the holder of the land use rights, and should carry out the assessment of land value according to the Regulations on Land Survey and Assessment in Cities and Towns formulated by the State Land Administration; and should turn over the land assessment report to the holder of the land use rights and the corresponding land administrative organ.

Article 6 For a company whose establishment is approved by an institution with the authorization of the State Council, the assessment results should be submitted to the State Land Administration for affirmation. For a company set up with the approval of the provincial-level people's government, the assessment results should be submitted to the land administrative department of the provincial-level people's government for affirmation.

Article 7 A new or reorganized company should have the land use plans drawn up by the holder of the land use rights. The land use plans of a company whose establishment is approved by an institution with the authorization of the State Council should submit its land use plans to the State Land Administration for approval; a company whose establishment is approved by the provincial-level people's government should submit its land use plans to the land administrative organ of the provincial-level people's government.

Article 8 Land use rights can be transferred between enterprises according to law. After the signing of a land transfer contract and the payment of the transfer cost, an enterprise may include the land property to which it has gained the land use rights through the transaction in its stock, may further transfer the land use rights, or may rent the land out. A company holding the land use rights has the rights and duties specified by the land transfer

contract and the land registration document during the period for which the land use rights are held.

The maximum tenure of the land use rights is the tenure of the transfer of the land minus the period for which the land was held by the enterprise holding the land use rights prior to the transfer.

**Article 9** The state should receive regular rent for the land use rights given to a company in the form of a lease. When a company acquires the land use rights in the form of a lease, the company should sign a lease contract. The leased land cannot be transferred, rented, or mortgaged.

**Article 10** The state may turn the land use rights valid in certain years into stock of an enterprise using the land according to the value assessment of the land if necessary. The land use rights can then be turned into stock held by the state, and managed by the state assets management organ with the authority of the government's land administrative department. A contract should be signed between the state-owned stock managing organ and the land administrative organ.

**Article 11** When land use rights are turned into stock held by the state, the value of such stock must not be lower than the face value of the stock; and the proportion of state assets in the form of stock based on land use rights must not be lower than the proportion of the land use value in the gross state assets in the relevant enterprise.

The value of the land use rights and the amounts of the land use rights transfer cost and rent should be fixed on the basis of the approved land value assessment results.

**Article 12** A new or reorganized company should apply for a change in land registration with the land administrative organ of the people's government at or above the county level according the relevant state laws and the Land Registration Rules by presenting the document on the approval of the company's establishment, the registration records of the land use rights changes, the document on the approval of the land use plans, the land use rights transfer (leasing) contract, the payment certificate of the land use rights transfer, and other relevant documents.

The land administrative organ of the people's government at or above the county level should handle the registration of the change in the land use rights and issue a new land use certificate by verifying the conditions of land use according to the above-mentioned documents.

**Article 13** A reorganized company that has not had its land use rights assessed, has not had its land use plans approved, and has not registered the change in the land use rights should go through all the formalities properly according to these rules.

The land administrative organ will not handle the registration of the change in the land use rights if these formalities are not observed.

**Article 14** When a new or reorganized company uses land owned by a collective, it must hold the approval document issued by the authority concerned, and file its application with the land administrative department of the people's government at or above the county level. After the land is requisitioned and turned into state-owned land according to the relevant state stipulations, the formalities for the land value assessment, the land use planning, and the registration of the land use rights changes can be handled according to these rules.

**Article 15** The management of land use rights with relation to a new or reorganized company with limited liability should be carried out according to these rules.

**Article 16** These rules come into force as of the time of promulgation. The Interim Regulations on the Management of Land Assets in Enterprises Carrying Out the Pilot Schemes for the Joint- Stock System promulgated by the State Land Administration and the State Commission for Economic Restructuring on 9 July 1992 and the Circular on Certain Issues Concerning the Management of Land Assets of Enterprises Undergoing Joint- Stock System Pilot Schemes and Being Listed in Overseas Markets are annulled at the same time.

**Article 17** The State Land Administration is responsible for interpreting these rules.

#### \*Zhang Zuoyuan on Combating Inflation

95CE0191A Beijing JINGJI GONGZUO TONGXUN /ECONOMIC WORK NEWSLETTER/ in Chinese No 21, 15 Nov 94 pp 16-17

[Article by Zhang Zhuoyuan of the Industrial Economics Research Institute of the China Academy of Social Sciences]

[FBIS Translated Text] It is still fresh in our memory that hyperinflation hit China in 1988. That year the social retail price growth rate climbed to 18.5 percent, setting the highest record since the 1950's. In 1989, this growth rate still hovered at 17.8 percent. The party and the government then had to make great efforts and implement rectifying policies, slamming on the brakes and making a hard landing, to quickly bring down the inflation. In 1990 and 1991 the price growth rate dropped to 2.1 percent and 2.9 percent, respectively. However, not long after, in 1993 and 1994, China had another price surge, and inflation staged a comeback. Tracing further back, we found that inflation also hit China in 1985.

The aforementioned shows that since the inception of the reform and opening policy 15 years ago China has experienced inflation three times, averaging once every five years. This gives rise to the following questions: Why does inflation occur so frequently? Is inflation the price China must pay for its economic takeoff and systemic reform?

Economics has repeatedly demonstrated that inflation is not in direct proportion to economic growth. Slight

inflation may be conducive to invigorating the national economy; however, more than slight inflation will impair normal economic activity, foment speculation, abet people to seek colossal windfalls in the circulation field, disturb the financial and market order, widen the gap in income distribution, and hamper the effective allocation of resources. Therefore, governments in many countries all hold high the anti-inflation banner, and economically developed countries even make it a major goal in their macroeconomic policy to hold price growth rates below 30 percent. Developing countries also try to control inflation to ensure a steady economic development.

The consensus has been reached that the current inflation and excessive price hikes must be tackled and that price rises must be brought within a range tolerable to all quarters of society, namely within double digits. How to tackle the problems with better results and a lower price to pay, however, is open to further consideration.

First, I favor tackling the current inflation step by step. The new round of inflation is not a short-term, sudden occurrence, but the result of inflationary pressure that has built up over the years and finally been released. Therefore, tackling it may proceed step by step. For example, the first step is to check its momentum and ensure a gradual decline in price hikes; the second step is to achieve a "soft landing" over a period of time, say one year, and bring price hikes down to around or near 10 percent, instead of sharp price drops in a short time. Past experiences show that policy adjustments and hard landings cause huge economic losses and cost too high a price. In 1990 and 1991 the retail price growth rate dived drastically to 2.1 percent and 2.9 percent, respectively; the subsequent "soft market" must have had something to do with the abrupt drops. This time, in tackling inflation, we should not repeat the hard-braking method adopted in the fall of 1988; instead, we should stick to the efficient and moderate macroeconomic policies currently in effect to harness inflation step by step.

We should point out that conditions favorable to a step-by-step control of inflation are on hand, too. Economic adjustment and development has considerably raised residents' real income levels; consequently, most people have a stronger tolerance toward high price hikes. In 1993, urban residents' per capita income rose 28 percent from the previous year, while rural residents' per capita net income increased by 17.5 percent; deducting price factors, the actual income growth was 10.2 percent and 3.2 percent, respectively. In the first half of 1994, urban residents' per capita income soared by 35 percent over the same period in 1993 and rural residents' per capita cash income shot up by 32.1 percent; subtracting price factors, the actual income grew by 9.4 percent and 13.3 percent, respectively. This is also the major reason why in the past two years the economy in general has remained stable despite high price hikes.

To tackle inflation step by step we suggest that, as its macroeconomic policy goal, the government try to control the price growth rate within 15-20 percent, and not

higher than 20 percent, for 1994 and then bring the rate down to around 10 percent over 1995 or in the second half of 1995. This idea perhaps is more realistic.

Next, in tackling inflation, we should make more use of economic means. Meanwhile, essential administrative and legal measures should not be abandoned, and setting price ceilings, monopolizing, etc. should be used only as short-term, extraordinary methods.

Many countries with a market-oriented economy all stress the manipulation of interest rates as a means to deal with inflation, and the measure has proven to be effective. Once the symptoms of an overheating economy, or inflationary pressure, are detected these countries will activate the leverage of interest rates, raising the central bank's prime interest rate, to hike general interest rate levels and thus curb inflation. The practice of economic development also tells us that maintaining real interest rates in the positive—that is, keeping nominal interest rates higher than price growth rates—is prerequisite to a country's normal economic activity. When negative interest rates appear—that is, nominal interest rates are lower than price growth rates—it tends to stimulate excessive demand for funds, dampen residents' enthusiasm for saving, hinder the optimal allocation of resources, and abet inflation. To effectively tackle inflation, we need to change the prevalent condition where banks' interest rates for deposits and loans are drastically lower than price growth rates, resulting in negative interest rates. Raising interest rates to gradually bring the real interest rates in the positive can demonstrate the government's and the central bank's determination to tackle inflation, effectively forestall excessive demand for funds, vigorously check blind, inefficient investments, and further arouse residents' enthusiasm for saving, thereby effectively curbing inflation.

Some economists oppose raising interest rates to bring them in the positive. They argue that the current low interest rates do not affect residents' enthusiasm for saving. Since the beginning of 1994, residents' savings deposits have been increasing by an average of 50 billion yuan each month, a more substantial increase than ever before. This indeed is true. However, when dealing with any given issue, we should observe and analyze it from a long-term point of view and with the whole picture in mind, and should not make any conclusion based on temporary phenomena. Today, savings deposits are still the top choice for Chinese residents as a means of preserving their financial assets, and this choice serves as a firm basis for the steady growth in residents' savings deposits. The problem is that the objective economic law is bound to make its effect felt, and negative interest rates' negative impact on residents' savings deposits is certain to show. Consider 1991 and 1992 as an example. Although an oversupply of currency then did not lead to rapid price increases, it did not prove that there was no inflation at all during that time; it simply meant that it was a time when inflationary pressure was building up.

After a certain period of time had lapsed, the inflationary pressure finally burst out in 1993 and 1994 in the form of skyrocketing prices. Of special note is that negative interest rates can only encourage the misuse and inefficient allocation of funds as well as foment an excessive demand for funds, which runs counter to the effort to rein in inflation. In addition, negative interest rates also encourage the "seeking profits" behavior among officials empowered to extend loans and enterprises having the chance to receive bank loans, thereby disrupting the market and financial order of the socialist market economy.

Another cause of concern to some people is that raising interest rates will increase enterprises' burdens. The fact is that today those that can really acquire loans at bank-set interest rates are only a very small number of key large enterprises and construction projects; for the majority of enterprises, the cost of raising funds is much higher as they generally have to pay the already-hiked interest rates set by the market, which means their interest burdens have already increased. After adjusting interest rates, those currently able to acquire loans with low interest rates can still be given preferential treatment, such as having the state treasury subsidizing their interest payments or designating them for policy loans. Additionally, we can also consider applying new interest rates to new loans while retaining old interest rates for old loans, and raising interest on short-term loans and not on long-term loans.

Today, given the fact that market mechanisms are playing an extensive role in our economy, we can fairly predict that raising interest rates will effectively check the excessive growth of investment and further boost the increase in residents' savings deposits, thus facilitating the effort to rein in inflation.

To effectively tackle inflation we must further strengthen the agricultural sector and strive to increase the production of grain, cotton, oil, sugar, and other farm produce. We can see that the recent drastic escalation in retail prices was precipitated by the rise in grain prices in November 1993. A significant feature in this new round of price hikes is that the increase in grain and food prices is higher than that of retail prices. Currently in China the supply of industrial consumer goods is sufficient, with the supply of certain goods exceeding market demand; what falls short often is agricultural and sideline products. Therefore, it is very important and urgent to enhance agriculture in all aspects, foster an all-around increase in agricultural production, and boost the supply of farm products.

Meanwhile, we must reform farm products' circulation system, improve their reserve system, and establish a regulatory fund for the most important, basic daily necessities with which the government can control and regulate the market in a timely fashion and adjust market prices. When certain commodities are in serious shortage, immediate arrangements should be made for their import from abroad to ensure adequate market supply.

Lastly, we should accelerate the formulation of price regulations and standardize the principal pricing behavior in the market. As price laws are not yet well established, illegally driving up prices or arbitrarily raising prices occurs frequently. At the beginning of 1994, when the new tax system and the simple exchange rate were put into effect, many units seized the opportunity to arbitrarily raise prices to reap huge profits. To put an end to such arbitrary price hikes and protect consumers' interests, a number of provinces and cities have enacted and implemented provisional regulations against price fraud and windfall profits, with some results. Currently, the central government is in the process of making similar laws. This is an important step in guiding and goading enterprises to engage in open, fair, and just price competition and in standardizing the principal pricing behavior in the market. Fundamentally speaking, we need to accelerate the formulation of the "antitrust law" and "the fair competition law" to ensure a good market order and stop all forms of illegal price hikes, with the help of public opinion and supervision.

#### CASS Economist Predicts Higher Inflation

*HK2601071895 Hong Kong HONGKONG STANDARD  
in English 26 Jan 95 p 6*

[By Sherman Chen]

[FBIS Transcribed Text] China's inflation may rise in January, after a slight slowdown in the past two months, Chinese economists say. Political and economic analysts said the upward trend was likely to cast gloom over the upcoming annual session of the National People's Congress (NPC) in March.

"Inflationary growth in January is likely to exceed the price index of December," Chinese Academy of Social Sciences [CASS] Professor Wen Guifang said. Economists expect the price rises to embarrass central authorities as they prepare for the annual session of the NPC.

"The premier would've wanted to point out the anti-inflation achievements to NPC deputies, if inflation levels had dropped in January and February," an economist said.

Meanwhile, the State Statistics Bureau said inflation stood at 25.5 per cent in December, the second consecutive monthly decrease. The consumer price index peaked at 27.7 per cent in October, before falling to 27.5 per cent in November, the bureau said.

"The Lunar New Year festivities next week will lead to a spending spree, especially on farm products," Prof Wen said. "And the rising demand will worsen the insufficient supply of vegetables and pork, pushing up prices." The supply of most farm products met the market demand as a result of efforts by regional governments, the professor said.

Central authorities have repeatedly instructed local officials to guarantee a stable supply of food over Lunar New

Year. Economists said inflation would be a severe test for central government especially over the festive period.

"Moreover, too fast a growth of individual income will help fuel inflation," Prof Wen said.

Although the central government has told employers not to issue too much money to workers before the family festival, employees have received big bonuses and goods as festival gifts from their work units.

"It is very difficult for the central government to control," Prof Wen said. He said many companies had deposited money to individuals' bank accounts to make it easier for them to cash the funds. In addition, there are a lot of private firms who do not necessarily follow central government directives.

"Inflation will not drop until March, because Spring Festival will last until 15 February," an economist said.

Meanwhile, the State Information Centre warned that inflation could stand at 20 per cent this year if the central government's tight monetary policy was not implemented. Central government have urged local officials to follow Beijing's economic directives in addition to keeping political stability under the central leadership.

### Inflation, Enterprises, Agriculture Top SSB Agenda

HK2601075495 Beijing CHINA DAILY in English 26 Jan 95 p 4

[By An Lu: "SSB Proposes 1995 Agenda"]

[FBIS Transcribed Text] The Chinese Government succeeded in promoting steady economic growth and improving macro adjustment last year. This year it should focus on major difficulties in curbing inflation, reforming enterprises and developing agriculture, said a recent analysis by the State Statistics Bureau (SSB).

In 1994 China's gross domestic product (GDP) increased by 11.8 percent. This was much higher than the world average of 3 percent, and Asia's 8 percent.

Manufacturing and processing industries grew at an increasingly fast speed quarter by quarter to reach an annual growth rate of 18 percent. Among the enterprises in these industries, those located in coastal areas and some non-State-owned ones grew the fastest.

Harvests have been achieved in agriculture despite some natural calamities. The added value of agriculture last year is estimated to have increased by 3.5 percent compared with 1993, said the analysis.

Tertiary industries also experienced a growth of 8.7 percent.

Post and telecommunications industries were improved greatly. The real estate industry grew 12 per cent despite the government's strict restriction on investments in the sector.

During 1994, the government adopted overall reforms on its macro adjustment systems: fiscal, taxation, banking and foreign exchange systems.

With the implementation of these reforms, the government's macro adjustment on economy was strengthened, said the analysis. As a result, the national economic structure has been improved besides achieving a high growth rate.

The hefty increase of investment in 1993 dropped substantially last year. The increase rate of investment in fixed assets was about 17 per cent allowing for inflation, 30 percentage points lower than 1993.

The number of new projects was 20 percent less than that of 1993.

In 1994 urban residents' income increased 7.8 percent allowing for inflation, and that of rural residents increased about 5 percent, said the analysis.

Much of this income was deposited by residents; some was used to buying treasury bonds and stocks. These funds contributed much in promoting last year's economic development.

Despite these achievements prices increased too much last year, said the analysis.

The nation's consumer prices and retail sale prices of commodities rose by 24.1 percent and 21.7 percent respectively last year. This was the highest rate increase during the 16 years of reform.

The analysis said major reasons for the high inflation were some price rises announced by the government, a large increase in investment and money supply in the past several years, and reforms on taxation, foreign exchange, salary and interest rate systems.

The SSB estimates roughly that, among the 21.7 percent increase in last year's retail sale prices, 14 percentage points, or 65 percent, were a result of increased production costs partly caused by reforms on prices and other systems, while another 7.7 percentage points, or 36 percent, came from a dissatisfied market demand caused by excessive investment.

In addition, poor operation of some State-owned enterprises remained a major problem although the situation improved in the second half of last year, said the analysis.

By the end of last November, the number of State-owned enterprises running in the red was 41.4 percent of the total. Their total losses increased by 27.6 percent compared with the same period in 1993; their stockpiles increased by 6.4 percent.

China's agriculture, although developing rapidly in recent years, still grew much slower than other industries and lagged far behind market demand, said the analysis.

It cited major obstacles to the development of agriculture as insufficient investment, a decrease in the amount of arable land and large increases in raw materials used in agricultural production.

Chinese farmers have little money to invest in their production because prices of agricultural products are low, keeping their income quite low.

The investment of State-owned units in agriculture, said the analysis, experienced a drop from 5 percent of the total investment of the units in the 1980s to an average of 1.7 percent in the first 11 months of last year.

Comparing 1993 with 1978, the per capita area of arable land decreased from 1.6 mu (1 hectare equals 15 mu) to 1.2 mu.

Meanwhile, prices of raw materials used in agricultural production increased 21 percent in the first 11 months last year compared with the same period in 1993.

The analysis predicted the economy can expect continuous growth this year. It expects a 9 percent economic growth and a less than 15 percent inflation rate providing the government's macro adjustment is implemented well.

To promote agricultural production, curbing inflation at its base, the government should increase the proportion of investment in agriculture to a proper level of 5 percent, said the analysis.

#### **State Statistical Bureau Spokesman News Conference**

##### **Enterprise Debt 'Serious' Problem**

*HK2601082795 Beijing ZHONGGUO XINWEN SHE in Chinese 1049 GMT 25 Jan 95*

[By reporter Xiao Rui (5135 3843)]

[FBIS Translated Text] Beijing, 25 Jan (ZHONGGUO XINWEN SHE)—When answering reporters' questions today, State Statistical Bureau Spokesman Qiu Xiaohua said that the deferred payment of debts remained a serious problem among enterprises. Up to the end of 1994, the amount of payments that enterprises had failed to receive from other enterprises exceeded 600 billion yuan, an increase of 74 percent over the same period in the previous year.

Qiu Xiaohua said that 40 percent of the unreceived payments were normal business credit arrangements, and the remaining 60 percent belonged to abnormal defaults among enterprises.

He pointed out some major factors causing such payment defaults among enterprises:

First, the changes in the state's macroeconomic policies caused stockpiles of products originally ordered by other enterprises.

Second, some enterprises that did not make high profits vied with each other in putting the loans they had gained

into the highly profitable real estate industry. As the property market cooled off, about 100 billion yuan of funds were tied up, and some enterprises had difficulties in their liquidity, thus failing to make payments on time.

Third, the settlement of accounts between enterprises was in a disorderly condition, and it was difficult to rectify the behavior of deferment and default.

Fourth, the interest rates on the bank loans were relatively too low as compared with the rate of price increases, so those who continued to hold funds would gain more benefit. This made some enterprises delay payments deliberately.

Qiu Xiaohua said: In order to eliminate debt chains as soon as possible and to maintain normal economic order, it is necessary to immediately establish and perfect the normal order of account settlement among enterprises. At the same time, it is necessary to continue to strictly control price increases and to change the abnormal condition of low interest rates as compared with the rate of price increases.

#### **Survey Reports Optimism Despite Debt**

*HK2601074995 Beijing CHINA DAILY in English 26 Jan 95 p 1*

[By Wu Yunhe: "Economic Setting Advances"]

[FBIS Transcribed Text] The State Statistics Bureau [SSB] yesterday unveiled its first survey of the country's enterprise climate, aimed at monitoring economic conditions at the macro and micro levels.

It indicates that the improved overall economic situation has led to better enterprise operations.

And most of the enterprises surveyed share a cautiously optimistic attitude towards China's economic situation this year, Qiu Xiaohua, the statistics bureau's chief economist, said during a news conference in Beijing yesterday.

Some 75 percent of the 10,000 enterprises surveyed shared the view that this year's overall economic climate will improve, or at least will not deteriorate.

The survey also shows that more than 50 percent of enterprises nationwide were in the red at the beginning of last year. By the end of 1994, however, the figure had dropped to 34 percent.

Despite a mostly favourable performance in the country's industrial sector last year, the chronic "debt chains" between domestic enterprises had worsened, with an acute annual increase of 74 percent, official sources said.

Revealing the survey results, Qiu noted that, although the operation of China's industries was generally good last year, the "triangle debt chains" between domestic enterprises had become worse.

The survey, which covers the latest conditions of the firms' production, performance and outstanding debts,

is designed to help the government develop a clear understanding of the problems faced by industries, he added.

The "triangle debts" are default debt chains between three or more industrial enterprises. The total amount in triangle debts accumulated by the country's 390,000 enterprises—including State-owned, collective, private and foreign-funded firms—exceeds 600 billion yuan (\$71.4 billion) by the end of last November.

Qiu said 40 percent of the defaults was a normal part of the flow of funds, while the other 60 was "abnormal."

The default debts among the State-owned firms hit 400 billion yuan (\$47.6 billion) by the end of last year, 38 percent higher than the same period of the previous year.

The chief economist attributed the defaults to irregularities in the settlement of accounts and a tight capital market.

Some Chinese enterprises deliberately withhold payment of their debts, thereby allowing others to bear the cost while they concentrate on improving their economic performances, observers said.

Many domestic firms have mastered the "game" of debt chains because the government has not yet formulated a law to protect victims of such fraud, the observers said.

#### Survey Reports 'Better' Operations

OW2501141095 Beijing XINHUA in English 0914  
GMT 25 Jan 95

[FBIS Transcribed Text] Beijing, January 25 (XINHUA/OANA)—The improved overall economic situation has led to better enterprise operations, according to a survey.

At a news briefing here today Qiu Xiaohua, chief economist at the State Statistics Bureau, said that most of the enterprises share a cautiously optimistic attitude toward China's overall economic situation this year.

Some 75 percent of the 10,000 enterprises sampled share the view that this year's overall economic climate will improve or at least will not deteriorate.

The enterprise climate survey was first introduced in China in August last year, aimed at judging the changing process of both macro and micro economic conditions.

The survey showed that 69 percent of those sampled were of the view that the overall economic climate had improved or had not deteriorated in the fourth quarter of last year, while the other 31 percent said the climate had worsened.

Some 39 percent of the sampled enterprises showed improved operations in the period because of "a better economic environment", while the other 37 percent and 25 percent showing no change or worsened operations, respectively.

The survey showed that 32 percent of the enterprises are optimistic about their operations in 1995.

The results of the survey tally with the latest state statistics, Qiu said.

The statistics show that more than 50 percent of enterprises nationwide were in the red at the beginning of last year. The figure had dropped to 34 percent at the end of the year.

The arrears of debt posed the most serious problem facing them, Qiu said, adding that 47 percent of enterprises expressed difficulty in raising funds, and 28 percent said that salary payments was a major problem.

By the end of November last year the enterprise debt default totalled 600 billion yuan, an increase of 74 percent over the same period of 1993.

Qiu said 40 percent of the default was normal in the flow of funds, but the other 60 was abnormal.

He attributed the defaults to irregularities in the settlement of accounts and a tight capital market.

#### Growth Reported in Major Industrial Products

OW2501130895 Beijing XINHUA Domestic Service in Chinese 0905 GMT 12 Jan 95

[By reporter Zhang Jinsheng (1728 6930 0524)]

[FBIS Translated Text] Beijing, 12 Jan (XINHUA)—According to a recently released State Statistical Bureau report, China made progress in the production of some important industrial products.

According to the report, China enjoyed various degrees of growth in the production of energy, raw and semifinished materials, and important materials in 1994. The total production of primary energy reached 1.12 billion tonnes [as received] in 1994, a 5.5-percent increase over 1993. This figure includes 1.21 billion tonnes [as received] of raw coal, a growth of 6.2 percent; and 909 billion kwh of electricity, an 11.4-percent increase. Restricted by many difficulties, China scored a new record in steel production in 1994, breaking the 90-million-tonnes limit by reaching 91.53 million tonnes, a 3.2-percent increase over 1993. Rolled steel production reached 80 million tonnes in 1994, a growth of 5.5 percent over 1993. The production of 10 kinds of non-ferrous metals was 3.75 million tonnes, a 13.8-percent increase over the previous year. Caustic soda and sulphuric acid production reached 4.21 million and 14.95 million tonnes respectively, an increase of 8.1 and 13.8 percent. Plate glass and cement production was 115.41 million crates and 400 million tonnes respectively, an increase of 6 and 12.1 percent over the previous year. China produced 1.4 million cars in 1994, a 7.1-percent increase over 1993.

China's 1994 industrial production was characterized by a brisk market for means of agricultural production and products serving the needs of agriculture. China produced 51,000 large tractors and 1.29 million small tractors, an increase of 30.7 and 48.8 percent respectively. Farm machine production scored a 14-percent increase

over the previous year. China also produced 22.76 million tonnes of chemical fertilizers and 270,000 tonnes of pesticides in 1994, an increase of 12.9 and 7.8 percent over the previous year respectively.

In addition to an increase in means of industrial production, it was learned that China also witnessed a fairly large increase in high technology products and consumer goods. Light industrial products, textile products, and household electronic appliances, including plastic goods, soda drinks, and chemical fibers, scored growth between 19.7 and 22.2 percent. Color TV set, audio-visual component, and air conditioner production increased between 21.8 and 150 percent. Some high technology products and advanced industrial products also enjoyed rapid growth in 1994. For example, color kinescopes, program-controlled telephone switchboards, and integrated circuits increased between 36.6 and 83.3 percent over the previous year.

#### \*Article Urges Linking Wages to Performance, Value

*95CE01504 Beijing JINGJI GUANLI /ECONOMIC MANAGEMENT* in Chinese No 11, 5 Nov 94, pp 28-30

[Article by Yang Liming (2799 7812 2494): "Current Stage of Wage Decisions: Combining the Principle of Economic Performance With the Value of Labor"]

[FBIS Translated Text] Determining wages is determining the direct economic factor of wage distribution. Under different economic conditions, the wage determination factor is different. In the current stage, enterprise wages are mainly determined by economic performance. With the establishment of the socialist market economy and the development of a labor market, a market value must be formed for labor. During the conversion of economic systems, wages are determined by the coexisting dual tracks of the principle of economic performance and the value of labor.

The economic performance principle for determining wages is that distribution of wages must be in accordance with the economic performance of the enterprise. If the economic performance of the enterprise is good, wages should be correspondingly raised. Otherwise, wages should be correspondingly lowered. China's current method of linking wages with results for state enterprises, conforms to the principle of economic performance determining wages. Based on an analysis of the actual situation, according to this principle, the ultimate form of wage distribution has the following characteristics:

First, the wage level disparity among enterprises of the same type is rather wide. As a result of differences in the ways that enterprises are managed and market competition, there often are differences in the economic performance of enterprises. These differences must be reflected in differences in wage levels. Distribution of wages is slanted toward enterprises with good economic performance. Currently, the wage disparity among China's

enterprises of the same type is approximately two or three times. If "gray" income is added, the disparity is even greater. In market economy countries, the wage disparity among enterprises of the same type would not be so great.

Secondly, because the same enterprise may suffer cyclical affects of production and results, there have been rather great increases in the fluctuation in enterprise wages within the year. A number of enterprises currently experience this phenomenon. The above two characteristics indicate the stimulative function of wages, but at the same time, there also is the latent inequitable factor of unfair distribution. With enterprise budgeting restraints relaxed, it can produce a situation of assuming responsibility for profits, but not assuming responsibility for losses. So, it is necessary to exercise macroeconomic control of wage distribution.

Thirdly, wage disparities are rather small within an enterprise. The current situation is that highest and lowest enterprise wage disparities are four or five times for many and one or two times for a few. It is difficult to reasonably reflect wage disparities for outstanding managers and technicians as well as key and crucial jobs. In market economy countries, this disparity would be much greater.

The value of labor is formed and adjusted from the relation of supply to demand in the labor market. In market economy countries, wages are a way of indicating the value of labor. The lower limit of the value of labor is the cost necessary to maintain labor reproduction. Its upper limit is the share of the income created by the labor factor in overall income. This share is evaluated by the market the same as the market evaluates the value of funds and the value of technology.

In market economy countries, the value of labor is formed, for example with mechanical engineers, using approximately the following procedure. When mechanical engineers' wages are set too low, there can be a greater demand than supply. That is, the number that enterprises require increases, but the number of people who want to pursue this profession decreases. At this time, competition is initiated on the labor market among employers to attract qualified mechanical engineers, and it is necessary to increase wages, thereby pushing up their labor value. As a result, on the one hand, it leads to more people wanting to be mechanical engineers, and on the other hand, it leads to employers' reducing the number of employees as much as possible and using machines as much as possible to take their place, ultimately leading to supply exceeding demand and some mechanical engineers' being unable to find work. Employers can very quickly lower wages; some people will gladly accept low wages, and some will go elsewhere looking for a job. So, with rising and falling wages, supply and demand gradually move into balance. Wages at this time of mutually suitable supply and demand are the labor value for mechanical engineers. Whenever supply and demand change, the value of labor also changes.

The labor value of all professions is formed generally like this. So how do we evaluate whether the wage disparity of various professions is reasonable or not? The standard is whether or not supply and demand are equal. If there is more supply, it means that wages are too high. If the supply is less than the existing labor shortage, it means that wages are too low. When supply and demand are balanced, the wage disparity is reasonable.

If the value of labor determines wages, wage distribution has the following characteristics:

First, the wage level differences among enterprises of the same type are rather small. That is, manpower costs among enterprises of the same type are rather close and wage levels for the same job in different enterprises also are rather close. In the former West Germany for example, the greatest wage level difference for workers in the same grade in the same industry was about 100 percent in 1984. This difference was caused mainly by differences in prices and the cost of living in different regions.

Second, wage differences within an enterprise are rather great and the wages of high-level managers and technical personnel are comparatively high. For example, the annual salary income of general managers of U.S. enterprises is more than 100 times [figure as published] that of ordinary staff. The annual salary income of some general managers is more than fifty times that of the United States president. The annual salary income of Japanese and European enterprise general managers is lower than in the United States, but there also is a very great difference from the incomes of ordinary staff.

Third, increases in the wage levels of workers in the same enterprise are rather balanced, and they cannot fluctuate greatly.

There are very great differences in the distribution results produced by determining wages by the principle of economic performance and the value of labor. This difference is created mainly by differences in the two mechanisms for determining wages. The former, premised on determining total wages based on economic performance, conducts structural distribution. But the latter first determines wage standards for workers in each job based on the labor value of each, and then forms total enterprise worker costs and total wages.

At China's present stage and for a considerable period of time in the future, wages will be simultaneously determined by the dual tracks of the principle of economic performance and the value of labor. This is determined by China's peculiar economic conditions.

With the coexistence of the dual tracks for determining wages, the two both perform a certain function. So, according to different stages of economic conditions, we should organically integrate the two. The basic line of thinking is:

In the first stage, now and for a period in the future, the new system is replacing the old and the framework of the

new system is beginning to be established, but market mechanisms still have not been perfected and matured, and development of financial markets and labor markets still is quite insufficient. So in this period, the principal function in determining wages still should be the principle of economic performance, and the value of labor should only perform a supplementary and auxiliary function.

Mainly using the principle of economic performance to determine wages means that total enterprise wages and wage levels are mainly determined based on the enterprise's economic performance. That is, first, in accordance with the enterprise's economic performance, the enterprise's total wages are determined according to a certain ratio, and then the wage levels of individual people are determined. This must permit enterprises with good economic performance to correspondingly raise wage levels and permit a certain widening of wage level differences among enterprises to encourage enterprises to improve economic performance. At the same time, we must improve and perfect management and macroeconomic control of total wages. The current independent determination of total wages by the method of linking wages and results, or the principle of the enterprise's "two lower thans," are both established on the basis of wages being determined by economic performance. In the former, the government can more directly participate in the enterprise's determination of total wages. In the latter, the government can only conduct supervision and control after the fact. The key to improved administration of total wages is how to reasonably determine the share that wages should have in new increases in enterprise economic performance, if the wage share should be lowered when economic performance declines, and how to maintain relative consistency between increases and decreases in total enterprise wages and increases and decreases in economic performance by establishing indirect and direct methods of control.

The supplementary and auxiliary function of the value of labor is mainly the value of labor formed by the current stage of the labor market, and it adjusts wage differences within enterprises and among various types of personnel in society. That is, the structural distribution of wages is adjusted and influenced by the value of labor based on the determination of total wages by the principle of economic performance.

China's labor market has begun to form, although it is not very mature. However, in a few areas such as the babysitting market and employment in foreign-owned, joint-venture, and privately run enterprises in coastal provinces, a regional labor value has begun to form. There is beginning to be an inkling of labor values in some technical and managerial areas, and this is not without influence on wage standards and wage differences for state enterprise staffs. If a number of foreign-owned and private enterprises hire some technical and managerial personnel at high salaries, state enterprises

have no choice but to raise the wages and benefits of these personnel to retain them. The "flight" of numerous technical personnel to foreign-owned and private enterprises gives state enterprises no choice but to adjust internal wage differences to stabilize the mainstays of production. This has been very useful in breaking up deeply rooted egalitarianism in internal enterprise wage distribution. Certainly the function of the value of labor at this stage is still limited, and state enterprises cannot determine wage levels for all types of personnel within the enterprise completely according to the value of labor. According to this line of thinking, it is expected that there will be a rather large increase in the wages of high-level technical personnel and managers, but because of a serious oversupply, the wages of ordinary workers will increase rather slowly; and wage differences within enterprises, as well as wage differences for various types of personnel in society will further expand.

For the value of labor to better perform its adjustment and influence functions on wage distribution, relevant government departments should do a good job on the following few tasks:

The first task is to adopt realistic measures to adjust the structure of the wage income of enterprise staff and turn around the situation of low wages and multiple subsidies (high welfare), so that wage income can be relatively comparable with the labor market's value of labor. Now there is not only a rather great disparity in wage levels among enterprises, but also a very great disparity in levels of welfare. The share of enterprise welfare costs is not decreasing, but constantly increasing. This situation is not only a greater disadvantage than advantage as regards wage distribution, but also as regards the enterprise's ability to compete in the market. The hard point in adjusting the structure of enterprise staff wage income is how to get rid of enterprise welfare and how to channel enterprise health care and old-age benefits into a unified social administration.

The second task is to further expand and improve the autonomy that enterprises have for internal wage distribution. When total enterprise wages are well managed, the government should not directly interfere in such things as wage standards, systems, and relations and differences within enterprises. At the present stage, as a transitional method, it is necessary for the government to represent the owners of the assets in controlling managerial administration of wages, but with the clearing up of enterprise property right relations and the establishment of a modern enterprise system, wages should be managed by the enterprise board of directors or a relevant organization that they themselves establish to assume responsibility for assets and investments. When high-level management personnel are needed, managers can widen wage differences by market adjustment, and only when salaries are high enough can we attain a large group of high-quality administrators.

The third task is to establish a labor value consulting service system to gather, compile, analyze, and forecast

information on the labor market value of various types of labor and provide consulting service to enterprises and those seeking employment.

In the second stage, with the establishment of the new economic system and the socialist market system, including the labor market, constantly perfected, the value of labor will perform the main function in determining wages and the principle of economic performance will only be a secondary function.

At that time, enterprise investment and management must achieve a balanced rate of profits. Enterprises will set up labor and jobs according to strict numbers and quotas, and employ labor in accordance with the value of labor on the labor market. Total wages will be the total of the wages of all enterprise jobs. Its lowest limit cannot be lower than what the enterprise needs to hire qualified workers on the labor market, and its highest limit cannot be higher than the personnel costs that enterprise profits can bear. In this process, the value of labor will not only perform an adjustment function for enterprise wage differences and wage levels, but also perform a leading function in establishing a base for determining total enterprise wages. But the principle of economic performance still objectively exists, unlike other market economy patterns. The principle of economic performance is manifested in the differences in labor's share of extra enterprise profits. When enterprises achieve rather good economic performance, their excess profits or increased value should be jointly shared by investors and workers. In distributing the worker share of profits, the pattern of workers sharing extra profits should be adopted. The better the economic performance, the greater the extra profits the workers share, and the reverse is also true.

The two stages of combining the principle of economic performance and the value of labor given above are not completely separate. In the present stage, the latter can perform an important function in certain areas, and in the future, the former can still perform an important function in certain areas. With the coexistence of the dual track system for determining wages, the key to government determination of wage policy and administration of wages is how to provide the best guidance for organically integrating the two and improve strong points and avoid shortcomings.

#### **Correction to Commentator's Article on Reform**

*HK2501092595*

The following correction pertains to the item headlined "Commentator Article on Reform," published in the 23 January China DAILY REPORT, page 42:

Column two, paragraph two, first sentence make read: ...first chapter of "Rectifying Names and Going All-Out" entitled the "Contribution.... (correcting name of column)

**Correction to Column on Modern Enterprise 'Experiment'**

HK2501083595

The following correction pertains to the item headlined "RENMIN RIBAO on Modern Enterprise 'Experiment,'" published in the 23 January China DAILY REPORT, page 40:

Column one, subslug make read: ...[First of an unidentified number of articles from the "Viewing Experiments in Enterprise Reform" column by staff reporters Yang Zhenwu (2799 2182 2976) and He Wei (0149 0251): "Keep the Fire Burning and Remove the Pot Cover Slowly—What One Sees and Hears at Baoding Transformer Plan"—first three paragraphs are RENMIN RIBAO editor's note] (adding installment information)

**Correction to Report on 1994 Enterprise Statistics**

HK2501031895

The following correction pertains to the item headline "RENMIN RIBAO Reports 1994 Enterprise Statistics," published in the 24 January China DAILY REPORT, page 56:

Column two, paragraph two, first sentence make read: ...amounted to 5.127 trillion yuan, and they.... (correcting figure)

**Finance & Banking**

**National Banking Work Conference Concludes**

OW2601051695 Beijing XINHUA Domestic Service in Chinese 1049 GMT 15 Jan 95

[FBIS Translated Text] A national banking work conference was held in Beijing 10-14 January. The main tasks of the conference were to conscientiously implement the guidelines laid down by the Fourth Plenary Session of the 14th CPC Central Committee and the central economic work conference, to sum up the banking work in 1994, and to study and draw up a plan on the principles, policies, and tasks for banking work in 1995. Zhu Rongji, state councillor and governor of the People's Bank of China [PBC], delivered an important speech during the conference. In his report on banking work, PBC Vice Governor Zhou Zhengqing pointed out that it is necessary to implement a system that appropriately tightens control over the monetary supply, further strengthens banking supervision and control, improves banking services, and resolutely curbs inflation while carrying out banking work in 1995.

Zhou Zhengqing said: In 1994 the banking departments conscientiously implemented various instructions given by the party Central Committee and the State Council on banking work, achieved positive successes in exercising macroeconomic regulation and control over the banking sector, took an important step forward in reforming the banking system, produced marked results in reforming the foreign exchange system, and effectively supported

the smooth progress of reform and opening up, as well as the sustained, rapid, and healthy development of the national economy. Besides guaranteeing that loans for the purchase of agricultural and sideline products were available in line with the schedule of purchases, national banks curbed the increase in additional loans within the limit set by a state plan in 1994. The amount of currency issued in the whole year was lower than the target set by the plan. All banks made vigorous efforts to attract deposits. Bank deposits registered a growth rate of 37.1 percent and urban and rural residents' savings showed an increase of 631.5 billion yuan, or 41.5 percent. The banks guaranteed the funds needed by key national economic development projects. In reforming the banking system, the PBC made substantive progress in carrying out reform. It strengthened centralized control over monetary credit and adopted more instruments for monetary policy. As a result, the total amount at the disposal of financial institutions available for credit and monetary supply formally became important indicators of macroeconomic supervision and monitoring; branches of the PBC comprehensively transformed their functions; banking supervision and control were gradually standardized; and order in the banking sector took a turn for the better. Three policy-lending banks were formally established and began business operations; specialized banks began to be changed to state-owned commercial banks; we made new progress in legislating laws on banking; and the banking sector further opened its doors to the outside world and expanded international exchanges. In particular, in carrying out reform of the foreign exchange system we smoothly brought about a convergence of exchange rates and enabled the renminbi exchange rate to rise while remaining stabilized; implemented a system for foreign exchange settlements and sales in all parts of China; enabled the foreign exchange market between banks to operate normally; and enabled a market mechanism of exchange rates to basically take shape. As a result, China's foreign exchange reserve posted an increase of 140 percent over the beginning of the year. This was an important success achieved through the reform of the foreign exchange system. It greatly strengthened China's capability to pay foreign debts and further enhanced China's international status and reputation. Meanwhile, the central bank also accumulated experience in operating on the foreign exchange market.

He pointed out: The guiding ideology for the banking work in 1995 based on the guidelines of the central economic work conference includes implementing a policy that appropriately tightens control over monetary supply, further strengthening banking supervision and control, improving banking services, and resolutely curbing inflation. Major points of the banking work include tightening control over the total amount of monetary credit, vigorously readjusting the credit structure, increasing input into credit for the agricultural sector, strengthening supervision and control over the

examination of banking operations, persisting in conducting business operation and management in different lines of the banking work, thoroughly consolidating the order of settling accounts, further promoting reform of the commercial banks and their implementation of a responsibility system for credit management, improving banking services, raising the quality of assets for extending credit, perfecting the system of foreign exchange settlements and sales, and improving management of the state's foreign exchange reserve.

Zhou Zhengqing said: The banking departments shoulder an unshirkable responsibility for curbing inflation. They must carry out measures designed to curb inflation in all their banking work. They must continue to conduct management, on an appropriate scale, of loans at national banks. Without obtaining a prior approval, no areas or banks are permitted to exceed the limit of the credit plan issued by the PBC to the lower levels. Other commercial banks and nonbanking financial institutions must keep a strict control over their loans in compliance with the PBC-mandated ceiling on loans or in accordance with their appraised asset liability ratio. All financial institutions must bring fixed assets mortgage loans under strict control as they fall under the category of a mandatory plan. Central banks must continue to strengthen regulation and control over the basic currency and step up efforts to take the initiative with regard to basic currency-related operations. Banks must optimize the arrangement of loan offers, readjust loan structure, and guarantee that the need for funds by key projects is met in the light of the requirements of economic development and restructuring. This year, loans arranged for the agricultural sector account for 10 percent of the total amount of the increased loans and post an increase of 26.4 percent over the previous year. Priority will be given in the use of these loans to support agricultural production and, in particular, the production of "rice bag" and "vegetable basket" [staple and nonstaple food items] items, to resolutely guarantee the supply of funds for the purchase of major agricultural and sideline products, and to ensure that no "IOU's" are issued during purchases. Loans to be granted as operating funds must be used to vigorously support the production and sales of the state owned enterprises whose products are marketable and produce economic returns and which are not overstocked on their products, and to support the production of processing enterprises that use agricultural and sideline products as raw materials and the production of commodities in great demand on the market. Fixed asset mortgage loans must be used to guarantee the progress of key state projects, infrastructure, and basic industries and to support technical transformation projects that promote technical advances. Banks must keep strict control over loans to the enterprises that are overstocked on their products and whose products fail to produce economic returns by urging the latter to scale down production, reduce stockpiles of unsold products, and promote sales. Regarding enterprises that divert operating funds to invest in real estate,

the stock market, and fixed assets, banks must resolutely recover loans diverted for the abovementioned purposes. Banking departments must promote improvement of the quality and beneficial results of economic growth by improving the efficiency of the use of funds for extending credit as well as the quality of banking assets. He said: Banking departments must continue to implement various measures drawn up by the State Council to bring the excessive growth of consumption funds under control and strengthen control over cash; guard well the sluice gate for the flow of cash; and resolutely investigate spending sprees, the unauthorized handing out of cash and coupons for free goods as a gift, and other behaviors that violate the regulations on cash control. Meanwhile, they must vigorously organize bank deposits and bring monetary issue under control.

Zhou Zhengqing called on the banking departments to continue to strengthen supervision and control over the examination of banking operations; persist in conducting business operations and management in different lines of the banking work; and thoroughly consolidate the order of settling accounts. He called on them to resolutely investigate and put an end to the borrowing of money in violation of regulations, unauthorized pooling of funds, the raising of interest rate at will, the granting of approval for the establishment of financial institutions without authorization, and various behaviors that violate monetary policy. He called on them to completely sever the official ties between state-owned commercial banks and the nonbanking financial institutions run by state-owned commercial banks and strictly conduct management in the different lines of banking work. He called on them to resolutely rectify the rule-breaking behaviors of the real estate credit department, international business department, credit card department, and securities department of all state-owned commercial banks. He said it is necessary to continue to enforce the requirement of the "three prohibitions" for banks when they settle accounts; resolutely put an end to the pigeonholing of bank notes, the serving of a note of dishonor at will, and the refusal to effect payment without a good reason; promote the use of commercial bill of exchange; improve management of the funds of associated banks; and guarantee the receipt and payment of funds between enterprises in a timely, safe, and accurate manner. All financial institutions at all levels must strictly comply with the requirements of the "Emergency Circular on Ensuring the Honoring of Payment for Postal Remittance in a Timely Manner During the Spring Festival" issued by the PBC and the Ministry of Posts and Telecommunications so as to resolutely put an end to the problem of "green slips [lu tiao zi 4845 2742 1311]."

Touching on reform of the banking system, Zhou Zhengqing said: We scored important achievements in carrying out banking and foreign exchange reforms last year. They enabled us to accumulate many good experiences and strengthened our confidence in further deepening reform. This year we must accelerate banking reform, continue to consolidate and perfect the reform measures,

and consolidate and develop the achievements scored in reform. The PBC will implement more indirect regulation and control measures, such as reloans through the central banks, interest rates, and open market operations, to successfully coordinate between renminbi and foreign exchange policy, and will gradually establish a system for macroeconomic regulation and control with the indirect regulation and control measures playing the dominant role. It is necessary to intensify reform of state-owned commercial banks by studying and putting forward specific reform measures for improving the quality of assets and implementing a responsibility system for credit management; actively support the selective points for reform on a trial basis for the establishment of modern enterprises; give priority to meeting the urgent needs of enterprises; improve banking services; improve management of the asset liability ratio of banks; strengthen banks' capability of fund procurement; and establish and perfect a mechanism for preventing risks within banks and an internal restrictive mechanism for banks. Policy-lending banks must further standardize their operations with regard to the source and use of funds. This year, we must accelerate the establishment of urban cooperative banks in a planned way and step by step in cities where conditions permit. Zhou Zhengqing said: In addition, this year it is necessary to perfect the system of foreign exchange settlements and sales; adhere to the principle of giving top priority to safety, conducting business operations steadily and reliably, and preventing risks in the management of the state's foreign exchange reserve; and ensure and increase the value of the state's foreign exchange reserve. Meanwhile, it is necessary to develop and perfect an insurance market, accelerate the establishment of a modern payment system, and strengthen the building of a legal system for banking operations.

Finally, Zhou Zhengqing said: Banking departments must conscientiously implement the guidelines of the Fourth Plenary Session of the 14th CPC Central Committee, pay attention to successfully building a contingent of leading groups at all levels as well as staff and workers, strengthen discipline inspection, launch the anticorruption drive thoroughly, continue to pay close attention to the work of "three preventions and one guarantee," and continuously enhance the political integrity and professional quality of the contingent of banking departments personnel in a bid to meet the requirements of the banking sector's reform and opening up. Banking departments must work hard, resolutely implement various policies and measures, and make new contributions to curbing inflation and supporting sustained, rapid, and healthy development of the national economy.

#### \*Experts View Progress of Foreign Exchange Reform

95CE0216B Beijing JINRONG SHIBAO in Chinese 15 Dec 94 p 2

[Article by reporter Wang Yixuan (3769 0001 5503) and correspondent Wei Zhaogui (7614 0340 5503); "Summarize Experiences; Complete Reform. Roundup on Workshop For Foreign Exchange Control System Reform"]

[FBIS Translated Text] The 1994 workshop on foreign exchange control system reform was held in Beijing on 28 and 29 November. More than 50 people from the nation's banks and the State Exchange Administration, leaders of national ministries and commissions concerned, and experts from institutions of higher education, research institutions, newspapers, and magazines assembled in a hall for enthusiastic discussion of successful experiences in and further intensification of foreign exchange control system reform.

#### Successful Experiences in Foreign Exchange Control System Reform

**Yang Gonglin** [2799 6300 2651], editor-in-chief, **ZHONGGUO WAIHUI GUANLI** [CHINESE FOREIGN EXCHANGE CONTROL] magazine: Evidence of success with foreign exchange system reform may be summarized in three ways: 1) More bank foreign exchange conversions than foreign exchange sales, the country's foreign exchange reserves increasing greatly as a result. As of the end of June 1994, China's foreign exchange reserves increased by \$10.6 billion. By the end of the year, they will have increased by \$40 billion. 2) The merger of exchange rates was successful; inter-bank foreign exchange market operations were steady; and the renminbi exchange rate remained steady with some rise. During the first half of the year, the renminbi exchange rate stabilized at 8.70 yuan to \$1.00, the value of the renminbi gradually rising thereafter. 3) The new exchange system spurred simultaneous increases in imports and exports. During the first three quarters of the year, the value of imports and exports totaled \$157.6 billion, up 33.2 percent from the same period in 1993. This included exports totaling \$79.44 billion, up 29.7 percent, and imports totaling \$78.06 billion, up 15.2 percent. The \$1.38 billion favorable trade balance reversed the former adverse trade balance.

**Li Lihui** [2621 4409 6540], deputy manager, **China Industrial and Commercial Bank**: Successful experiences in reform of the foreign exchange control system may be summarized in three main points as follows: 1) Reform was founded on markets. A unified nationwide foreign exchange market was established, and the official rate of exchange, which was unrelated to market supply and demand, was abolished. A market exchange rate, which is uniform, floats, and expresses foreign exchange supply and demand, became the basis for all foreign exchange transactions. 2) A gradual reform approach was adopted. During the transition period, policies had a lot of latitude. They allowed ample time for enterprise foreign exchange account liquidation, for retention of a foreign exchange line for enterprise use, and for the withdrawal from circulation of foreign exchange certificates. There was also no arbitrary uniformity. The old administrative methods continued to be followed for local resident and foreign trader-owned enterprises. No effort was made to accomplish everything at once. The exchange control system for trade was largely eliminated, but the trade control system was retained. Conversion of state owned

enterprise foreign exchange earnings was mandatory; a change to voluntary settlement of exchange was not done in a single step. 3) Reform fully expressed the role of banks designated to handle foreign exchange transactions. Under the new foreign exchange control system, control and intervention by the central bank and foreign exchange control agencies tended to be indirect and regulated by law, while the designated foreign exchange banks assumed numerous new functions. In the orderly market environment, designated foreign exchange banks expanded their foreign exchange business. Their goal of increasing profits conformed substantially to the central bank goal of enforcing foreign exchange and monetary policies. Consequently, the designated foreign exchange banks zealously enforced the new foreign exchange control policies and measures.

**Li Shourong [2621 1343 2837], deputy editor-in-chief, China Finance and Banking Press:** Correct guidance of public opinion was an important part of successful foreign exchange reform that should not be overlooked. Prior to inauguration of the new exchange system, the People's Bank and the State Exchange Control Administration used the news media to publicize the reform measures in China and abroad, and to answer questions of concern to everybody. The news media's coverage of the new exchange system increased transparency, gaining the understanding and support of people in all walks of life.

#### **Intensification of Foreign Exchange System Reform To Produce the Conditions Needed to Make the Renminbi Freely Convertible**

**Liu Mingkang [0491 2494 1660], deputy manager, National Development Bank:** Reform of other parts of the macroeconomy is necessary for intensification of foreign exchange system reform. First, the planned economy system needs further reform, particularly the planning system in the investment field. The planning principle of "leaving gaps in planning, seeking balance, and never achieving balance" leads to construction projects exceeding estimates and payment arrears. So long as this system is not reformed, inflation will be difficult to control when it occurs, though inflation is the crux of foreign exchange system reform. Second, enterprise reform must be intensified. China's state-owned enterprises have not yet been organized to operate according to a modern enterprise system. Enterprises are not sensitive to markets or exchange rates. Until the main entities in the market engage in orderly competition, the goal of free convertibility of the renminbi will be difficult to realize. Third, reform methods must be used to solve deep-down problems in the externally oriented economy. A serious problem exists with tax evasion by foreign-owned concerns. Taxes are not collected. Chinese and foreign concerns are treated differently. On the one hand, a tract of unhealthy land is developed for foreign businessmen involved in foreign exchange trading; on the other hand, market competition is founded on unfairness. This is not good for the

formation of a unified foreign exchange market. Fourth, reform must precede the building of an economic legal system. China is currently making a major effort to build a socialist market economy, yet a situation exists everywhere of "running the race first and making rules for the race later." Unless this situation of legal system building lagging between market building is reversed, the effectiveness of all reforms will be decreased. Unless problems in China's reform at these four levels are solved, intensification of foreign exchange control system reform will be difficult.

**Li Qingyun [2621 1987 0061], deputy director and professor, Economics Academy, Beijing University:** Four conditions must be met for the free convertibility of currency. The first is a proper exchange rate; the second is a stable domestic macroeconomic policy; the third is an ample supply of foreign exchange; and the fourth is an enterprise exchange rate response mechanism. Regarding a proper exchange rate, conditions are still not such that China can use the purchasing power parity price to set a rational exchange rate. China's domestic prices and world prices differ. As for a stable domestic macroeconomic policy, free convertibility of the renminbi requires a stable domestic economic climate. In particular, monetary policy must remain stable. Inflation must be controlled at a relatively low level to establish a stable foundation for the renminbi exchange rate. The method used in Latin American countries of indexing the exchange rate to domestic prices and wages is inadvisable. In the supply of foreign exchange, even though the country's foreign exchange reserve increased fairly rapidly in 1994, looked at in terms of the size of China's economy, the supply of foreign exchange must be increased further in order to lay a foundation for free convertibility. As for an enterprise exchange rate response system, Chinese enterprises currently have no mechanism to respond to exchange rates. Building of such a mechanism will require associated enterprise reforms. Therefore, free convertibility of the renminbi is not solely a matter in the foreign exchange realm. It requires associated reforms in all aspects of the macroeconomic system, such as finance and banking reform and enterprise reform.

#### **The Challenge That Increased Foreign Exchange Reserves Poses for Macroeconomic Regulation and Control**

**Li Yang [2621 2254], director, Finance and Banking Research Center, Chinese Academy of Social Sciences:** The reasons for the enormous increase in China's foreign exchange reserves are two: One is economic, namely a large favorable balance of international payments. Statistics show basic balance between import and exports for the first half of 1994. There was no favorable trade balance, but the net influx of capital reached a very high level. Therefore, the rise in the country's foreign exchange reserves resulted from a large favorable balance of capital. The second is system changes. Thanks to the change over from the foreign exchange retention

system to the exchange settlement, after settling foreign exchange, some concerns did not buy exchange from the banks when they needed it. Instead, they used their existing line of foreign exchange or former foreign exchange deposits, thereby increasing the foreign exchange supply. As the new system began to operate, institutional factors gradually disappeared, but economic factors require economic means to offset them. In order for changes in the international balance of payments not to have such a one-for-one effect on the central bank basic money supply, it is suggested that four actions be taken as follows: First, some financial institutions should be permitted to engage in the foreign exchange investment business in order to create a certain distance between the central bank and foreign exchange markets. Second, the central bank should conduct foreign exchange swap operations in foreign exchange markets in order to control the money supply. Third, the central bank and domestic financial institutions should enter into buy-back deals in order to influence the ability of financial institutions to provide credit. Fourth, central bank changes are needed in the legal reserve rate and the rediscount rate, as well as open market government bond operations to control the basic money supply within reasonable bounds.

**Li Zhongshang [2621 1813 1424], deputy director, Financial Research Institute, Chinese People's Bank:** The tremendous rise in China's foreign exchange reserves is superficially attributable to an influx of foreign capital. Between January and October 1994, the influx of foreign-owned enterprise capital was largely in the form of capital goods imports. The foreign exchange balance of payments of foreign-owned concerns remained substantially in balance, but the favorable balance of trade of domestic enterprises increased. In addition, the excessive rise in value of the renminbi had an adverse effect on exports. Currently, exchange costs have risen, but the exchange rate is only around 8.52 yuan. I recommend: 1) Gradual removal of restrictions on the sale of foreign exchange, appropriate lowering of the renminbi exchange grade, and guiding exchange rates in a slow downward float accompanied by a loosening of imports to keep the international balance of payments in balance. 2) Given the lack of developed money markets, lending should be flexibly controlled to regulate the money supply. In addition, full attention should be devoted to the fostering of national debt markets and commercial paper markets to set the stage for the use of national debt market operations and rediscounting in conjunction with foreign exchange open market operations to maintain the continuity, stability, and effectiveness of monetary policy. 3) Over the intermediate and long range, foreign exchange average fund amounts should be set up, the central bank using these average funds to intervene in exchange rates, thereby cutting the relationship between foreign exchange payments and reserves, and cutting the connection between renminbi payments and central bank indebtedness.

#### Analysis and Forecast of Renminbi Exchange Rate Trends

**Yang Fan [2799 1581], research fellow, Economics Institute, Chinese Academy of Social Sciences:** The main reasons for the stability of the renminbi exchange rate following the merger of exchange rates are as follows: Foreign trade system reform increased returns from foreign trade, and export costs fell; underrating of the renminbi exchange rate when exchange rates were merged at 1:8.70 at the beginning of the year; a shortage of renminbi during domestic macroeconomic regulation and control; and a large influx of capital, which increased the supply of foreign exchange when a high renminbi interest rate policy was instituted. As for the contradiction between high inflation and a stable exchange rate with some rise during 1994, most of the year's rise in prices was attributable to the rise in prices of means of livelihood while prices of the means of production remained stable with some decline. The effect on export prices of improvements of the make-up of exports was not great. Forecasts about future renminbi exchange rate trends must be made in the context of overall economic trend forecasts for 1995. During 1995, the rate of domestic economic growth should continue to decline, holding at around 10 percent. Investment demand, in particular, must be controlled and overall prices controlled at around 15 percent. Thus, consideration should be given to further decontrol of imports. Taken together with a limited rise in the renminbi exchange rate, this will spur a lowering of import costs, hold down domestic prices, and promote economic growth. In addition, consideration should be given to lowering interest rates for a lowering of enterprise costs. This would help ease pressures on enterprises and control prices. A correct approach for solving the negative interest rates problem is resolute control of inflation rather than hoping that inflation will go away and constantly raising interest rates or devaluing exchange rates. China's inflation is largely investment inflation, and the crux of this problem lies in the investment system. High or low interest rates are not the main reason. Therefore, a policy that links suitable lowering of interest rates with stabilizing the exchange rate is a rational policy that increases imports, lowers pressure on enterprises, and curbs inflation.

**Guo Shuqing [6753 2885 3237], director, General Affairs Office, State Economic System Reform Commission:** The renminbi exchange rate has already gone through a transitional period. As the country's economy gets strong and as the range of exportable goods widens, the purchasing power of the renminbi will increase gradually. Therefore, over the long run, the trend will be for a rise in the value of the renminbi.

**Liu Shunian [0491 5289 1628], foreign economic relations and trade professor:** With the increase in inflation during the second half of 1994, foreign trade concerns' foreign exchange conversion costs rose. An exchange rate devaluation is needed to maintain exports. Therefore, over the short run, the trend is toward a devaluation of the renminbi.

**Strengthening Exchange Markets**

**Duan Xiaoxing** [3008 2556 5281], **deputy director, Chinese Bank of Agriculture:** Current problems with China's exchange markets are as follows: Too short exchange times. A lengthening of exchange times is recommended. Exchange of too few currencies. An increase in the kinds of currency that can be exchanged is recommended, ensuring that at least five major currencies may be exchanged in the markets. Lack of diversity in kinds of trading. Long-term trading and futures options trading are recommended. Trading methods are cumbersome. Earliest possible opening of long-distance trading is recommended to produce an invisible market. The exchange rate trend should be an overall reflection of the state of economic development. Since the advent of reform, the price of the renminbi has remained firm thereby producing an economic phenomenon at variance with the high inflation. Consequently, the market sense conveyed to the public is that the current renminbi exchange rate is limited mostly by policy factors and is thus unable to reflect the actual operation of the economy. The exchange rate trend should be closely related to a series of economic statistical figures, such as the rate of GNP increase, the discount rate, savings and loans rates, and the inflation rate. The bond market and the stock market should also have an effect on exchange rate trends. Therefore, the establishment of a strong, standardized, predictable renminbi exchange rate operating mechanism is imperative.

**Huang Xiaoheng** [7806 2556 5899], **deputy manager, International Business Department, Chinese People's Construction Bank:** One of the problems associated with the fostering of foreign exchange markets is establishment of renminbi short-term money markets. The fostering of foreign exchange markets is inextricably related to money markets. It requires foreign exchange products. For example, the development of tools such as long-term foreign exchange buying and selling, foreign exchange futures options, long-term interest rate contracts, and interest rate swaps rely on the degree of development of short-term money call loan markets. Furthermore, developed short-term money markets can provide a broad area in which the central bank can flexibly apply interest rate measures and buy-backs to regulate foreign exchange market fluctuations. Second is the establishment of a modern renminbi clearing system. The renminbi clearing problem has bedeviled the country's banking business for a long time, and has been a bottleneck in development of the national economy. Losses of funds en route are serious in the existing People's Bank and specialized banks self-developed system. A commercial paper exchange system continues to be the main method used for clearing renminbi. This is an antiquated method. Unless modernization of the renminbi clearance system precedes development of foreign exchange markets and money markets, high performance operation of markets will be so much empty talk.

**Use of Foreign Capital and Foreign-Owned Enterprise Foreign Exchange Balances**

**Zhang Zhenming** [1728 2182 6900], **deputy director, Beijing Branch, State Exchange Administration:** Macro-economically speaking, effective use of foreign capital requires attention to integration of the use of foreign capital with national economic development. Under the new foreign exchange control system in which the renminbi is convertible, the introduction of foreign capital has increased inflationary pressure. While actively using foreign capital, inflation has to be held down. Microeconomically speaking, true and false importation of capital must be distinguished. Better control must be exercised, and human talent for participation in international competition must be trained for correct handling of rights and responsibilities in the use of foreign capital.

**Liu Guangcan** [0492 0342 3503], **deputy director, Policy Regulations Office, State Exchange Administration:** Foreign exchange balances in foreign-owned enterprises are difficult to attain. Because the make-up of foreign-owned industries is changing, balance at three levels (individual, regional, and overall) in the foreign exchange balance of foreign-owned enterprises has actually been destroyed. Ultimately, it can only be incorporated into the country's overall foreign exchange balance. Furthermore, restoration of China's GATT status requires that foreign-owned firms be treated in the same way as citizens of the country, and it also requires that foreign-owned concerns be included in the bank exchange settlement and exchange sale system.

**Guangdong Downplays Impact of New Tax System**

*HK2601063895 Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) in English 26 Jan 95 p 10*

[By Rowena Tsang]

[FBIS Transcribed Text] Despite China's new tax regime, 96 per cent of Guangdong enterprises with foreign investment have cut or maintained the same level of taxation, says a tax official. Under regulations introduced at the start of last year, their overall tax burden has been cut 0.5 per cent.

"About 800 foreign enterprises in Guangdong have applied for a refund of excess of tax paid, only four percent of the total number of foreign enterprises in the province," Guangdong Provincial National Tax Bureau director Chen Liuming said.

"This shows that the impact of the new tax system is not as great as imagined—560 million yuan (about HK\$512.96 million) has been refunded to date," he said.

During the transition, the new system guarantees that no tax burden would be increased and foreign enterprises which faced extra costs were entitled to make a claim which would be paid on approval by the tax bureau.

The interim measure will apply for a maximum of five years. By the end of 1998, all domestic and foreign enterprises will be subject to the new ruling. The transition measure, which gives a preferential treatment to foreign enterprises, was justified because it was appropriate to have no value-added tax (VAT) rebate for export of products by foreign enterprises which bought raw materials in the domestic market, said Mr Chen. The VAT refund for exported products would mean a further reduction on tax burden of foreign enterprises and would be unfair treatment to domestic enterprises at the same time.

However, the flexible new measure was introduced in Guangdong to enhance cash flow of foreign enterprises rather than have it tied up waiting for a VAT rebate.

"Foreign enterprises in the province can pay the net amount first, then apply for a delay of payment of the amount that will be rebated to them later," said foreign taxation division head Tan Huijian. "As their application is approved, the rest of the amount (the refund) should be submitted to the tax bureau but rebated to them in a very short period of time. This eliminates the delay in cash flows for foreign enterprises."

To meet the requirements of Beijing's tax sharing system, the tax bureau of Guangdong was split into the National Tax Bureau and Local Tax Bureau last year.

Each department takes responsibility for management of the central tax and local tax, respectively. For the raw materials bought in one province but processed in another for export, the VAT rebate should be granted by the National Tax Bureau of the exporting province, which would cut impact on the tax income of the local tax bureau. Tax income of 52.2 billion yuan from the industrial and commercial sectors last year marked a growth of 44 per cent over 1993.

The amount submitted to the central government topped 27.9 billion yuan, a rise of 46.9 per cent, and the local tax was 24.3 billion yuan, an increase of 41 per cent. While the new rulings were aimed at equalising the tax burden of the domestic enterprises and foreign enterprises, the preferential treatment for foreign investors such as the policy of "two years of tax exemption and three years of tax reduced by half" would be maintained, Mr Chen said.

He said there was no foundation to rumours that the preferential policy for foreign enterprises would be cancelled. On the property gains tax, Mr Chen declined to give the date for the publication of the details of regulation but said no local authorities should have the right to rebate the tax or make promises before details were announced.

Property gains tax, as part of the new tax regime was announced at the beginning of last year and has aroused much discontent among property investors. Some officials have said a rebate would be given to guaranteed investment by foreign enterprises. Yet details of the

regulation, which were due to be announced in the second half of last year, were not published. Meanwhile, the introduction of the tax agency system is on the agenda of tax bureaus in the country.

#### Shenzhen To Allot B-Share Quota to New Industries

OW2401084295 Beijing XINHUA in English 0757  
GMT 24 Jan 95

[FBIS Transcribed Text] Beijing, January 24 (XINHUA)—The Shenzhen Securities Regulatory Office will allot this year's 100 million U.S. dollars-worth of B-shares to companies dealing in warehousing, petroleum, timber processing and airport services, the journal "CHINA SECURITIES" reported.

Companies in those sectors have never issued stocks before, the paper said.

Denominated in renminbi, B-shares are issued to overseas investors and can only be traded in U.S. dollars or HK dollars.

The move, according to the paper, is part of the authorities' efforts to expand the city's B-share market and to boost its internationalization process.

Companies expected to issue B-shares this year include the Shenzhen Sungang Industrial Co. Ltd, Shenzhen Chiwan Co. Ltd, Shenzhen Everbright Lumber Co. Ltd, Shenzhen Airport, Shenzhen International Group and Northern Industrial Group.

Four of those firms intend to issue stocks right after the country's traditional Spring Festival, the paper said.

#### Zhejiang Company Sues Futures Company for Losses

HK2501112595 Hong Kong AFP in English 1019 GMT  
25 Jan 95

[FBIS Transcribed Text] Shanghai, Jan 25 (AFP)—A Zhejiang company has filed a suit against a futures trading company, claiming 250,000 dollars in compensation for trading losses, a newspaper reported Wednesday.

The Xinmin Evening News reported that the Zhejiang Huangyan Jingqing Supply Company claimed that the Shanghai branch of China International Futures Company caused it to incur the losses by accepting its order to trade despite a ban imposed by the government.

The state council issued a notice banning futures trading in overseas markets in June and the Shanghai municipal government circulated the notice to the futures company on July 25, the company said.

But the futures company informed Zhejiang Huangyan Supply Company through its broker that it could continue to trade in futures and that the ban only came into effect on September 1.

The Zhejiang company is claiming compensation, saying it would not have lost the money if it had stopped trading when the state council issued its notice.

### Foreign Trade & Investment

#### General Motors Office Opens in Shanghai

OW2501145095 Beijing XINHUA in English 1338  
GMT 25 Jan 95

[FBIS Transcribed Text] Shanghai, January 25 (XINHUA)—John F. Smith, president of General Motors China, Inc., at a ceremony held here Tuesday [24 January] to honor the opening of a General Motors office in Shanghai, said that the company will strengthen cooperation with China.

"The establishment of the office indicates that we are full of confidence in the cooperation with China," he said, explaining that General Motors emphasizes cooperation with Shanghai because of its important position in China's development of the auto industry.

Over the past few years, General Motors has set up four joint ventures in China and has pledged to give them its continued support. It will provide hundreds of millions of US dollars worth of auto parts to an enterprise it jointly set up with the Jinbei Auto Co., Ltd in Shenyang of northeast China in the next few years.

General Motors now has an annual production value of 15 billion US dollars.

#### Li Lanqing Receives Chief

OW2501145095 Beijing XINHUA in English 1208  
25 Jan 95

[FBIS Transcribed Text] Beijing, January 25 (XINHUA)—Chinese Vice-Premier Li Lanqing met with Jack Smith, president and chief executive officer of the U.S. General Motors, and his party at the Diaoyutai State Guest House here this evening.

This afternoon, Chinese Minister of Machinery Industry He Guangyuan also met with Smith and his party, who arrived here from Shanghai yesterday as guests of China's Ministry of Machinery Industry.

#### Judges Refute Allegations on IPR Protection

HK2601104595 Beijing FAZHI RIBAO in Chinese 15 Jan 95 p 3

[By staff reporter Zhong Angang (6988 7254 6921); "Convincing Facts, Major Progress—Interviews on the Judicial Protection of Intellectual Property Rights"]

[FBIS Translated Text] Since the breakdown of the Sino-U.S. talks on intellectual property rights [IPR], this reporter has learned from concerned quarters that some U.S. views allege that China's judicial protection of IPR is tantamount to nil. Regarding this question, this reporter interviewed several judges who specialize in adjudicating in IPR cases. They gave many convincing

facts on the status of China's IPR protection, effectively refuting some of the unfounded allegations.

Wu Jianwei, judge of the Civil Division of the Supreme People's Court, said: U.S. allegations that China's judicial protection of IPR is tantamount to nil are obviously completely out of keeping with the facts and are extremely irresponsible. In fact, not only has China scored very great achievements in IPR legislation in as little as the past few years by promulgating and implementing the Civil Law General Provisions, the Patent Law, the Trademark Law, the Copyright Law, and the Law Against Improper Competition, and by joining a number of international conventions on IPR protection, thereby providing a legal basis, but the people's courts in China have also made great progress in the judicial protection of IPR.

To date, China's law courts have processed a large number of IPR-related civil, administrative, and criminal cases. According to statistics, between 1986 and November 1994 the people's courts processed 4,098 cases of IPR infringements. Some of these cases were foreign-related, and the number of foreign-related cases has increased every year. Since 1994, close to 40 foreign-related IPR disputes have been processed. China's law courts file and process cases concerning lawsuits filed by foreign citizens and legal persons, thus effectively punishing infringement behavior and fully protecting the legitimate rights of the Chinese and foreign parties concerned. For example, in the computer software copyright infringement case filed by the Beijing Jiaguwen Software Systems Co., which is the Beijing subsidiary of the U.S. Orocac [preceding word published in Roman alphabet here and throughout] Corp., against the Beijing Municipal Julong Computer Systems and Integrated Engineering Co., the Beijing Municipal Intermediate Court tried and arbitrated in the case and had the Chinese party pay the Orocac Corp. 150,000 yuan in damages. The two parties were very satisfied with the results of the trial. Moreover, the U.S. party sent a letter praising the Chinese court for its justice, honesty, and high level of efficiency in processing the case.

Furthermore, in 1994, the Supreme People's Court issued the "Circular on Further Strengthening the Judicial Protection of Intellectual Property Rights," calling on the people's courts at all levels to solemnly enforce the law and to fully, fairly, and in a timely manner protect the legitimate rights of parties concerned, which of course also include the foreign parties to lawsuits. The circular also calls for stepping up the crackdown on all kinds of criminal behavior infringing on IPR in keeping with relevant provisions of the National People's Congress Standing Committee's "Decision on Punishing the Crime of Infringing Copyright," and "Additional Regulations on Punishing the Crime of Forging Registered Trademarks," and the "PRC Patent Law." In the meantime, the IPR courts or collegiate benches trying IPR cases in all localities must further strengthen the processing of IPR cases in light of their actual trial situations. All this is a fact for all to see.

Cheng Yongshun, vice president of the IPR Division of the Beijing Higher People's Court, said: Over the past decade or more, while establishing an IPR legal system, the people's courts at all levels in China have conscientiously enforced various IPR laws, have faithfully carried out their duties, and have done a great deal of work in the fair enforcement of laws and in the protection of IPR according to law. The Beijing Municipal Higher and Intermediate People's Courts were the first to set up IPR adjudication divisions in July 1993. This was followed by the setting up of 14 other IPR divisions throughout China. The areas where special adjudication divisions have been set up concentrate on the trying of IPR cases to ensure trial quality and to strengthen uniformity in law enforcement, and this is lacking in the rest of the world. Second, we train professional judges. On the one hand, we organize judges to study various IPR laws, to acquire an understanding of IPR conventions and international conventions, to attend training classes and seminars relating to IPR laws held by the Supreme People's Court, and to have exchanges of views with foreign counterparts in the same occupation on the business of trials. On the other hand, we sum up experiences in the course of practice and continuously upgrade our competence in the trying of cases and law enforcement. There are already a number of judges in Beijing courts who have basically adapted themselves to IPR adjudication.

Speaking on Beijing Municipality's trying and processing of IPR cases, Cheng Yongshun said: In the past 10 years, the people's courts at all levels in Beijing have processed nearly 1,300 IPR-related cases, of which some 1,000 have been concluded. In the period since the IPR divisions were set up in the higher and intermediate courts alone, upward of 300 IPR cases have been processed, of which 45 were foreign-related. In these foreign-related cases, the shortest trial period was less than three months. The prompt processing and trial of large numbers of IPR cases has served to protect the legitimate rights and interests of the parties concerned and has won their favorable comments.

In a case of the fraudulent use of the brand name of "Grande Minoterie," a Sino-French joint-venture, for a bakery in Beijing Taiyang Shopping Mall, the defendant made a profit of over 100 yuan [as published] and was sentenced by the court to pay over 10,000 yuan in damages to the plaintiff, including attorney agent fees, investigation fees, money made by violating the trademark plus profits lost, and the loss to the trademark's credit. It was quite a shock. However, an extremely small number of Americans turn a blind eye to this and publicly allege that China's "law enforcement" for the protection of IPR "is tantamount to nil." This is an allegation with ulterior motives.

Su Chi, chief of the IPR division of the Beijing Municipal Intermediate People's Court, refuted the allegations by a small number of irresponsible Americans, using a large number of facts. He said: Since 1994, our division

has processed a total of 45 foreign-related cases, of which 35 were related to the United States. In as many as 13 of these 35 cases, the court has adopted the measure of evidence preservation [zheng ju bao quan 6086 2207 0202 0356] at the request of American companies. The U.S. Orocac Corporation and the Business Software Alliance (BSA) [preceding term published in Roman alphabet] praised and appreciated the court's just, timely, and effective preservation measures.

The public trial of foreign-related IPR cases reflects the solemnity and fairness in law enforcement by the courts when they establish that behavior constitutes copyright infringement. For example, in Walt Disney's lawsuit concerning IPR violations and the U.S. (Hongli) [hong li 7703 0448] Co.'s lawsuit regarding patent infringement and improper competition, the courts established that the defendants' behavior constituted IPR infringement. Although the cases have not been finally adjudicated, they reflect the courts' fair and solemn attitude to law-enforcement, which IPR circles and the media at home and abroad have reported extensively and praised. In trying the Walt Disney case, the court established, in accordance with the Sino-U.S. Memorandum of Understanding on Intellectual Property Rights, that the defendant's behavior constituted an IPR infringement. A British newspaper said that it was a new era for China's IPR protection.

In the processing of a series of IPR cases, ranging from Grande Minoterie of Paris to the U.S. Orocac Corporation to Taiwan's Securities Publishing Company, foreign IPR owners as well as owners from Hong Kong, Macao, and Taiwan have unanimously praised mainland China's courts for solemnly enforcing the law and observing international treaties and for China's serious, solemn, and effective law enforcement concerning IPR.

Speaking on the challenging by a small number of negotiating representatives of the inapplicability of trial periods in foreign-related cases in China, Su Chi said: China's Civil Procedure Law provides that the trial period provision does not apply to foreign-related civil cases. First, this practice is the same as in the judicial procedure systems of various countries around the world, including the United States. Second, the main objective of the provision is to fully protect the foreign party to a lawsuit so that he can have time to exercise his right of action. Both the Chinese and the foreign parties to a foreign-related case need a lot of time to deal with many matters. The notice-serving period, the defense period, and the appeal period, for example, demand a longer period of time for the foreign party. According to China's legal provisions, there must be a Chinese version of all documents submitted by a foreign party to a lawsuit, and so many documents need notarization and verification. With all this work, the foreign party needs to spend more time preparing. If the trial period were fixed at six months in line with domestic cases, it would surely harm the interests of the foreign party and would be unfair. This is in fact a question of legal common sense.

**Beijing To Ease Foreign Exchange Approvals for FIEs**

*HK2601062995 Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) in English 26 Jan 95 p 4*

[By Foo Choy Peng in Shanghai]

[FBIS Transcribed Text] To speed up access to the swap centres for foreign invested enterprises (FIEs) China is to relax the administrative checks and approvals for foreign exchange transactions. The State Administration of Exchange Control (SAEC), the central authority which gives the nod to FIEs to engage in foreign exchange transactions at swap centres, is finalising plans to reduce the frequency of suitability checks to once a year.

At present, FIEs are required to produce documents regularly before the SAEC, to prove that they are adequately qualified to carry out foreign exchange transactions at the centres.

"We are thinking of implementing the new system soon to make it easier for FIEs to carry out foreign exchange deals," said Lu Nanping, SAEC director general for administration.

Under the prevailing rules, FIEs must match their own aggregate demand for and supply of foreign exchange for profit repatriation and to pay for imports at the swap centres. The rules require them to produce documents showing their share of the equity capital in hard currency in the ventures is paid up and contracts to buy back a portion of their products are actually executed. Once these conditions are met, the SAEC issues the papers for them to buy and sell foreign exchange at the swap centres.

The new rules are designed to ensure that FIEs do not drain the country's limited foreign exchange reserves. But, ironically, China's foreign exchange reserves have soared during the past year, since it instituted the foreign exchange reforms. By the end of last December, reserves rose to US\$50 billion, from \$20 billion at the start of the year. Analysts said that the move to relax the checks reflected China's confidence in building its reserves. Because of the current credit squeeze to harness inflation and the galloping economy, FIEs had found it hard to borrow from domestic banks to finance their operational expenses and were forced to sell foreign exchange for yuan.

"Judging from the operations of the foreign exchange swap centres in the past year, the selling of foreign exchange by FIEs outweighs their buying, indicating that their exchange needs have been met," the official stated. He also said that the SAEC was studying the possibility of integrating the foreign exchange transactions of the FIEs into the inter-bank foreign exchange system.

"We have been looking at this but there is no specific time-table to carry out the move," said Mr Lu.

FIEs were originally supposed to settle their foreign exchange needs through the inter-bank foreign exchange system set up in Shanghai as a result of the exchange reforms. But when the system became operational in April, only domestic enterprises were allowed to conduct their deals through the new system and FIEs had to continue to deal through swap centres.

The Shanghai Foreign Exchange Centre is linked electronically to sub-centres in cities such as Beijing, Tianjin, Shenzhen and Chengdu. The electronic link enables the system to form a centrally-quoted and uniformly traded foreign exchange market network, where prices can be instantaneously quoted.

Mr Lu said that foreign exchange certificates, issued in the 1980s to foreigners would be withdrawn from circulation by June 30, since the yuan was the only currency used in the country.

**Beijing To Upgrade Central, West Development Zones**

*HK2601054295 Hong Kong SOUTH CHINA MORNING POST in English 26 Jan 95 p 9*

[By Xiao Yu]

[FBIS Transcribed Text] China is to increase the scope of the economic development zones to cover the backward inland regions in central and western parts of the country. According to reliable sources, the authorities are poised to upgrade several provincial economic zones in those areas into state-level zones.

Cities such as Hefei, Xian, Chengdu and Guiyang would be upgraded to the same level as economic zones along the coastal regions which are now enjoying preferential treatment. At present, the state has designated a total of 32 economic development zones throughout China and there are more than 500 zones approved by the provincial authorities.

Hu Ping, director of the Special Economic Zone Office under the State Council, has issued guidelines "preserving the fittest and eliminating the unfit" in a bid to hammer out the policy on economic development zones. Special efforts would be made to control the number of zones and boost the efficiency and quality of existing areas. With this policy in mind, the authorities have adopted separate policies for the zones in different regions of the country.

In another effort to increase the number of state economic zones, China would also grant policies favouring those provincial zones which had played a leading role in the region. The authorities also promised to step up the crackdown on poorly developed zones which continued to misuse the arable land and investment funds available to them.

After 10 years of development, the economic zones in the coastal regions have performed remarkably. Until last September, the 16 coastal economic zones have

approved a total of 6,651 projects with a gross on-the-contract investment value hitting US\$20.6 billion (HK\$159 billion) and actual investment value of US\$5 billion. It is estimated that in 1994, the industrial gross product of the 16 zones was 70 billion yuan (HK\$64 billion), of which US\$3 billion was oriented towards exports.

Meanwhile, the authorities have altered their policies toward the zones, making them more vulnerable to the market competition. The authorities have gradually eliminated policies favouring certain regions and instead they now give preferential terms to favoured industries. As a result, many economic zones, deprived of previous preferential treatment, are forced to adjust industrial structures in a bid to meet the new challenge.

#### Foreign Banks Increase Business in China

HK2601101795 Beijing JINGJI RIBAO in Chinese 20 Jan 95 p 5

[By reporter Ren Wen (0086 2429): "Many Foreign Banks Are Swarming Into China, Bringing in a \$5.8 Billion Worth of Net Inflow of Funds"]

[FBIS Translated Text] According to the latest information from the People's Bank of China, by the end of last year, 109 foreign banks had set up business institutions in 13 Chinese cities, including Shanghai, Shenzhen, Guangzhou, and Tianjin. The fact that many large international banks with great financial strength "settled down" in China showed that more and more foreign investors had an interest in the huge Chinese market.

Up to the end of November 1994, foreign banks (including financial companies) officially launching business operations in China numbered 100, their gross assets amounted to \$12.45 billion, and the loans they arranged and the deposits they took amounted to \$7.28 billion and \$2.699, respectively. Their cumulative net profits in the year amounted to \$89.45 million. The flow of funds into and out of China recorded by these foreign banks showed a net inflow of \$5.8 billion. The bulk of loans was offered to institutions inside China, and this accounted for nearly 90 percent of the total loans. Foreign-funded enterprises received 50 percent of the total loans, and provided 55 percent of the total deposits.

By the end of December 1994, there were 118 foreign-funded financial institutions conducting business operations in 13 Chinese cities. They included 109 foreign banks, five financial companies solely owned by foreign investors or run by foreign-funded joint ventures, and four branches of foreign insurance companies. Of the 109 foreign-funded banks, 99 were branches of foreign banks, five were banks solely owned by external investors, and five were banks run by joint ventures. In addition, there were 393 representative offices of foreign financial institutions in 18 cities, including 70 insurance companies, 250 banks, 40 securities companies, 11 financial companies, four credit card companies, and 18 financial institutions of other types.

It has been learned that the People's Bank of China soon will set up a grading system for assessing foreign-funded financial institutions so as to strengthen operational supervision over them. At the same time, it will continue to consider the issue of allowing foreign banks to handle renminbi business, and other issues concerning the further opening up of the monetary market so that foreign financial institutions eventually will enjoy national treatment.

#### First Construction License Granted to U.S. Firm

OW2601085395 Beijing XINHUA in English 0807 GMT 26 Jan 95

[FBIS Transcribed Text] Beijing, January 26 (XINHUA)—Bechtel has become the first U.S. Company to be granted a construction license in China.

The license, issued by the Chinese Ministry of Construction, will permit Bechtel to enter into contracts in its own name for construction work in China on projects which have a foreign investment component.

Bechtel has been active in China for 15 years, and enjoys a continuing close association with the China International Trust and Investment Company (CITIC). The two companies established an engineering-construction joint venture called China American International Engineering Inc. 10 years ago.

Bechtel and CITIC are also partners in a joint venture to develop a new superport south of Shanghai and near Ningbo on Daxie Island.

#### Chinatex Seeks To Create 'Multinational' Trade Group

HK2601081395 Beijing CHINA DAILY in English 26 Jan 95 p 5

[By Qiu Qi: "Chinatex to Branch Out Round the World"]

[FBIS Transcribed Text] China National Textile Import and Export Corp, one of the country's leading textile traders, will continue to expand this year.

Chinatex will speed the construction of branches outside the capital city, partly to guarantee the supply of goods, said Wang Ruixiang, the president.

The company's foreign trade volume hit \$2.72 billion last year, an increase of 43.9 percent from 1993. Export volume was \$370 million.

Chinatex also plans to strengthen its overseas operations this year, with the aim of establishing a multinational textile trading group, Wang said.

The company currently has 34 overseas branches in more than 20 countries and regions.

It plans to co-ordinate the work of its domestic and international branches to ensure a stronger presence in the world textile market, Wang said.

Its Australian wool subsidiary, for example, plays a leading role in both the domestic and global wool markets.

Besides traditional textile markets, including the US and Europe, Chinatex is targeting markets without quotas. Its exports to Japan and South Korea jumped 201 per cent last year.

Investment in large projects will be an important means of expansion, Wang said.

The first phase of the Langfang textile production centre in Hebei Province, one of the company's key projects, is scheduled to go into operation this spring.

The centre will produce brand-name products for export in high-technology plants.

Chinatex has invested more than 200 million yuan (\$23 million) in more than 80 industrial projects around the country.

This year, the company is expected to establish a special trading group for cotton yarn, grey cotton, cotton polyester yarn and grey cotton polyester.

Chinatex, the country's sole cotton importer, imported 500,000 tons of cotton last year to ease the tight supply of domestic raw material.

Wu Wenying, Chairwoman of the China National Textile Council, earlier told a conference in Beijing that the council plans to gradually establish 50 largesized textile enterprise groups, which will be competitive in the world market, within three years.

The council is now drafting preferential treatments to encourage the establishment of cross-region textile companies which combine the functions of scientific research, product development, production and trade.

The setting up of domestic and multi-national shareholding companies and enterprise groups also helped to boost China's textile industry, Wu said.

So far the textile industry has set up 129 shareholding companies, accounting for almost 4 per cent of the country's total. Among them, 26 have stock market listings.

**Beijing Cuts HK Tycoon's Stake in Oriental Plaza**  
HK2601065895 Hong Kong HONGKONG STANDARD  
in English 26 Jan 95 p 1

[By Sherman Chen, Rachel So and Joshua Fellman]

[FBIS Transcribed Excerpt] Chinese authorities are to cut the share of Hong Kong property tycoon Li Ka-shing's Cheung Kong group in the controversial Beijing Oriental Plaza project, according to a senior municipal source. The official said Beijing will not approve the property tycoon's major stake in the project—but did not specify what percentage of shares Mr Li will be allowed to hold in the joint venture.

However, when asked about Beijing's decision, Cheung Kong deputy managing director Albert Chow said the company expects to reach an agreement with the Beijing authorities within one or two months.

Cheung Kong and its subsidiary, Hutchison Whampoa, owns 63.7 per cent of the development through a joint venture called Talent Sun. Orient Overseas Containers Ltd controls 23 per cent, and the remaining stake is owned by the Bank of China and another mainland partner. Cheung Kong owns 65 per cent of Talent Sun, which means its actual exposure to Oriental Plaza is 41.4 per cent, while Hutchison's real stake is 22.3 per cent.

"The construction of Oriental Plaza will continue but the stake held by the Cheung Kong group should be reduced," the Beijing municipal source said. "It is still under negotiation what percentage Mr Li's group will hold but it is certain that the Chinese side will hold the major stake."

Besides the share stake, another major topic on the negotiating table between the Beijing municipal government and Mr Li is the height of the development. Central government has ordered the Beijing municipal government to scale down the shopping complex by half so that it doesn't overshadow Tiananmen Square.

"We are discussing the blueprint and the scale with the construction departments in Beijing," said Mr Chow. "We hope that the negotiations will be finalised within one or two months." He said construction work would begin on the complex once agreement was reached on the plans, including the height.

Stephen Brough, chief executive officer of Orient Overseas Containers Ltd, said Cheung Kong was currently negotiating with the Beijing municipal government about the height of the plaza and other details. [passage omitted]

#### Fujian Blueprints Strategy for Developing Foreign Trade

OW2501142095 Beijing XINHUA in English 0808  
GMT 25 Jan 95

[FBIS Transcribed Text] Fuzhou, January 25 (XINHUA)—East China's Fujian Province has blueprinted its strategy for developing its foreign trade sector into its leading industry following continuous growth over the past 16 years.

The province, with the Xiamen Special Economic Zone and a group of port cities lying along its coastline, enjoys preferential locations and policies for developing its foreign trade sector.

Last year the province achieved eight billion U.S. dollars in foreign trade value, ranking third in this respect after south China's Guangdong Province and east China's port city of Shanghai.

Internationally-accepted practices, standards and advanced technology and management experience will be introduced to help establish modern export-oriented enterprises in the province.

Exports will be gradually changed from labor-intensive products to technology-intensive ones to meet the demands of overseas markets.

Meanwhile, the province plans to further improve transportation facilities and electricity supplies, which have been bottlenecks in its economic construction.

Before the end of this century Fujian will construct the Fuzhou-Xiamen expressway, Fuzhou-Xiamen railway, two international airports in those two cities and three large ports at Fuzhou, Xiamen and Meizhou Bay, respectively.

A group of hydroelectric and thermal power plants will be set up, bringing the newly-increased installed capacity to one million kw in each of the coming five years. This figure is expected to reach two million kw in 2001-2010 period.

#### **Yichang Adopts Preferential Investment Policy**

OW2401025095 Beijing XINHUA in English 0240  
GMT 24 Jan 95

[FBIS Transcribed Text] Yichang, January 24 (XINHUA)—The government of this city in Central China's Hunan Province has adopted a series of preferential policies for foreign investors.

According to the new policies, overseas investors are welcomed to upgrade local metallurgical, chemical, medical, automobile and foodstuffs enterprises in the form of joint-stock companies or leasing.

A more flexible policy has been introduced in the area of land-use rights with the aim of encouraging foreign investors to engage in real estate development on large tracts of land and renovation of old urban communities. Those who invest in production projects, infrastructure and public utilities will enjoy tax exemptions or reductions for land-use rights.

Foreign banks, leasing companies, insurance agencies and investment corporations will be allowed to open branches or representative offices in the city.

Other preferential policies in taxation were adopted to attract foreign investors.

Local officials said that foreign investors have flocked to Yichang since it was listed by the State Council as part of the Three Gorges Economic Development Zone in October 1994, and especially since the start of the Three Gorges Project at the end of last year.

To date, the number of foreign-funded firms in Yichang has grown to 501, with a combined investment of 1.3 billion U.S. Dollar, from 19 countries and regions.

#### **Regulations on Export Food Hygiene Issued**

HK2401093695 Beijing GUOJI SHANGBAO in Chinese  
18 Dec 94 p 2

[“‘Hygiene Registration Procedures for Factories and Storehouses of Export Foodstuffs’ and ‘Hygiene

Requirements for Export Foodstuff Factories and Storehouses’ Promulgated by the State Administration for the Inspection of Import and Export Commodities”]

[FBIS Translated Text] To all import and export commodity inspection bureaus under the direct jurisdiction of the State Administration for the Inspection of Import and Export Commodities [SAIIEC]:

In an effort to raise the hygiene quality of export foodstuffs, meet the requirements of international trade, and standardize hygiene registration for export foodstuff factories and storehouses, the SAIIEC has revised the “Hygiene Registration Procedures for Factories and Storehouses of Export Foodstuffs” and the “Hygiene Requirements for Export Foodstuff Factories and Storehouses.” The revised versions are hereby published for implementation and for relay to all units concerned. The “Procedures for the Registration of Export Foodstuff Factories and Storehouses (for Trial Implementation)” and the “Minimum Hygiene Requirements for Export Foodstuff Factories and Storehouse (for Trial Implementation)” promulgated by the SAIIEC on 23 October 1984; the “Regulations on the Supervision and Management of Registered Factories and Storehouses of Export Foodstuffs” and “Supplementary Regulations on the Hygiene Control of Export Foodstuff Factories and Storehouses” are hereby nullified. The code management for the hygiene registration of export foodstuff factories and storehouses will be announced separately. 14 November 1994

#### **Hygiene Requirements for Export Foodstuff Factories and Storehouses**

Article 1: The requirements set out below are formulated to ensure the hygiene quality of export foodstuffs, standardize the hygiene control of export foodstuff processing enterprises, and protect the health of consumers, in pursuance of the applicable provisions in the “PRC Law on the Inspection of Import and Export Commodities,” the “PRC Law on Food Hygiene (for trial Implementation),” the “Regulations on the Implementation of the Law of the People’s Republic of China on the Inspection of Import and Export Commodities,” and the “PRC Procedures on Hygiene Control of Export Foodstuffs (for Trial Implementation).”

Article 2: Export foodstuff production or processing factories or storehouses (called export foodstuff factories and storehouses hereinafter) applying for hygiene registration will establish a quality control system for ensuring the hygiene standards of export foodstuffs and produce a quality handbook which explains and guides the operation of the quality control system.

Article 3: This set of requirements will constitute a primary basis for the establishment of a hygiene quality control system in export foodstuff factories and storehouses.

Article 4: The hygiene quality control system of an export foodstuff factory or storehouse will contain, but not be restricted to, the following basic aspects:

1. The principle and objective of hygienic quality.
2. Organizational structure and its responsibilities.
3. The management of production and inspection personnel;
4. Requirements of the environmental hygiene.
5. Requirements on the hygiene of workshops and facilities.
6. Hygienic quality control for raw materials and subsidiary materials.
7. Hygienic quality control for the production process.
8. Hygiene control on packaging, storage, and transportation.
9. Requirements on inspection.
10. The control of quality records.
11. Internal examination of the quality control system.

**Article 5:** Each export foodstuff factory or storehouse will formulate its own principle and objective of hygienic quality control and a hygienic quality responsibility system, which will subsequently be implemented.

**Article 6:** Each export foodstuff factory or storehouse must establish an organizational structure which meets the requirements of production, is capable of ensuring the hygienic quality of its products, and defines its responsibilities and terms of reference.

**Article 7:** The selection of production and inspection personnel in an export foodstuff factory or storehouse must satisfy the following requirements:

1. Production and inspection personnel must undergo necessary training and pass the examination before taking up their posts and their responsibilities must be clearly set out.
2. Production and inspection personnel must receive a medical examination once every year and, when necessary, an interim examination may be arranged; new entrants must receive a physical check-up prior to assumption of their assignments.
3. Anyone who has contracted a disease hazardous to food hygiene must be removed from the food manufacturing process.
4. Production and inspection personnel must maintain personal hygiene and may not bring into their workshop any objects that are irrelevant to production; they may not wear jewelry, wristwatches, or cosmetics at work; when entering the workshop, they must wash their hands, disinfect themselves, and change into work hats, clothes, and shoes; when leaving the workshop, they must change out of the work hats, clothes, and shoes.

**Article 8:** The environmental hygiene of export foodstuff factories and storehouses must satisfy the following requirements:

1. Export foodstuff factories and storehouses may not be built in areas where food hygiene is jeopardized; other products that jeopardize food hygiene may not be handled, produced, or stored in the factory or storehouse precincts.

2. The road surface of the factory or storehouse precincts should be level and without puddles of water; the factory or storehouse precincts should be landscaped with vegetation.

3. All washrooms in the factory or storehouse precincts must have flushing water and handwash facilities and facilities for prevention of flies, rats, and other vermin; the skirting boards should be made of light-colored, smooth, waterproof, and corrosion-resistant material and should be kept clean.

4. The discharge or disposal of waste water and scrap material from the production process should be in compliance with the relevant state regulations.

5. Auxiliary facilities, such as storage for raw materials and packaging materials, which satisfy hygiene requirements and match production capacity will be built in the factory or storehouse precincts.

6. The production area and the residential area must be segregated.

**Article 9:** Workshops for manufacturing foodstuffs must satisfy the following hygiene requirements:

1. The area of the workshop should match production capacity, with a rational layout and good drainage system; the workshop floor will be made of slip-proof, strong, waterproof, and corrosion-resistant material, level and without puddles of water, and will be kept clean; facilities against rats, flies, and other vermin will be installed in the drainage and ventilation systems connecting the exit from the workshop with the outside.

2. The walls and ceiling of the workshop will be made of nontoxic, light-colored, waterproof, antifungal, nonscaling, and easy-to-clean material. The wall, floor, and ceiling corners should be curved.

3. Any inside sill of a workshop window must be built at a 45-degree angle with the wall; workshop doors and windows should be made of light-colored, smooth, easy-to-clean, waterproof, corrosion-resistant, and strong material.

4. Lighting facilities above the food production line in the workshop should be installed in protective casings. The illumination on workstations and inspection stations should meet the requirements of production and inspection and be so adjusted as not to alter the original color of the material under processing.

5. Workshop temperature should be kept within a prescribed range in accordance with the needs of the product processing technology and good ventilation should be maintained.

6. The power, gas, and water supplies for workshops should satisfy the demands of production.

7. An adequate amount of handwash, disinfecting, hand-drying equipment or articles should be installed or stocked at appropriate locations; faucets should be non-hand operated.

8. If required by product processing, disinfecting facilities for shoes, boots, and wheels should be installed at the entry to the workshop.

9. Changing rooms should be built connected to the workshops; if required by product processing, wash-rooms and shower stallss connected to workshops should also be built.

10. Workstations, conveyor belts, trolleys, and working apparatus in the workshop should be made of nontoxic, corrosion- resistant, rustproof, easy-to-clean, easy-to-sterilize, and sturdy materials.

Article 10: The hygiene standard of the raw materials and subsidiary materials for production must satisfy the following requirements and be effectively controlled:

1. The raw materials and subsidiary materials required by food manufacturing must carry certification showing they have passed inspection and quarantine and must pass the examination on entry into the factory before they can be used.

2. Raw materials and subsidiary materials available beyond their expiration dates may not be used for food production.

3. The water (or ice) for processing must conform to the state- regulated hygiene standard for domestic water and a minimum of two inspections on the hygiene level of water should be conducted each year; hygiene guarantee measures are required for self-supplied water.

Article 11: Food production must conform to safety and hygiene standards and principles, which should be effectively controlled.

1. Clearly specified codes of practice must be formulated for key procedures which affect food hygiene and such procedures must be placed under continuous monitoring against the code of practice; such monitoring must be logged.

2. Regulations must be formulated and implemented on the analysis of, and remedial measures for, the production of subquality products.

3. Production equipment must be rationally laid out and kept clean and in good condition.

4. A strict system should be in place for the cleaning and disinfection of workstations, processing apparatus, and containers. Food containers must not be in direct contact with the floor.

5. Raw materials, semifinished products, finished products, raw food, and cooked food should be stored separately. Scrap products must be put into specialized, distinctly labelled containers and promptly disposed of. Containers and transport means for this purpose should be disinfected forthwith.

6. Subquality products and products which have dropped on the floor should be gathered at separate, fixed locations and disposed of promptly under the supervision of inspectors.

7. Cleaning must be carried out before and after a day's work, inspected by specially appointed personnel, and logged.

Article 12: Each enterprise should formulate and implement a hygiene control system for packaging, storing, and transporting.

1. Materials for food packaging must conform to the hygiene standard and be kept clean and hygienic; they may not contain toxic and harmful substances and must be color-fast.

2. The storeroom for packaging materials must be kept dry and well ventilated; internal and external packaging materials should be stored separately and may not be contaminated. 3. The conveyances for food must be kept clean and hygienic; frozen foodstuffs should be transported in clean and odorless refrigerated vehicles (or vessels).

4. The temperature and humidity of prefreezers, quick-freezers, cold storages, and storehouses should conform to technical requirements and such facilities should be equipped with thermometers, humidometers, and automatic temperature loggers. The interior of such facilities should be kept clean, regularly disinfected, and protected against mildew, rats, and vermin. Stored goods should be kept away from the walls and the floor. No hygiene-jeopardizing goods may be stored in such facilities and cross- contaminating or cross-odorizing foodstuffs may not be stored in the same facility.

Article 13: The inspection of hygienic quality of products must satisfy the following requirements and must be effectively controlled:

1. An independent inspection institution which matches the production capacity must be set up and staffed with the necessary inspection and quarantine personnel.

2. The inspection institution must have in its possession inspection facilities and instruments for performing its duties; such instruments must be regularly calibrated to the requirements and the calibrations logged.

3. An inspection procedure and standard must be established, and effectively executed, for the monitoring and control of the hygiene of raw materials, subsidiary materials, semifinished products, finished products, and the production process.

4. Regulations on the control of subquality products should be formulated and implemented; such regulations must contain provisions on the labeling, logging, appraisal, separation, and retroactive analysis of the subquality products.

5. The inspection logs must be complete, accurate, and standard.

Article 14: The quality records of export foodstuff factories and storehouses should satisfy the following requirements:

1. A system must be established and implemented for the labelling, gathering, cataloguing, filing, storing, safe-keeping, and processing of the records that reflect the state of hygienic quality of products and reasons.

2. All quality records must be truthful, accurate, and legible.

**Article 15:** To ensure the effective operation of the quality control system, each export foodstuff factory and storehouse should establish an internal examination system and keep a good record of the examination results.

**Article 16:** The SAIIEC will formulate hygiene codes for the registration of various kinds of export foodstuff factories and storehouses on the basis of this set of requirements. All export foodstuff factories and storehouses applying for hygiene registration must implement the requirements hereunder and the relevant hygiene codes.

**Article 17:** This set of requirements will enter into effect as from the date of promulgation.

#### Procedures for Hygiene Registration of Export Foodstuff Factories and Storehouses

##### Chapter I—General Provisions

**Article 1:** These procedures are made in pursuance of the applicable provisions in the "PRC Law on the Inspection of Import and Export Commodities," the "PRC Law on Food Hygiene (for Trial Implementation)," the "Procedures on the Hygiene Control for Export Foodstuffs," and the "Regulations on Implementation of the PRC Law on the Inspection of Import and Export Commodities."

**Article 2:** The state will put into effect a hygiene registration [zhu ce 3137 0374] and listing [deng ji 4098 6068] system for factories and storehouses which produce, process, or store export foodstuffs.

All factories and storehouses which produce, process, or store export foodstuffs on PRC territory must obtain hygiene registration certificates or hygiene listing certificates before they are permitted to produce, process, or store export foodstuffs.

**Article 3:** The SAIIEC will be responsible for the hygiene registration and listing of national export foodstuff factories and storehouses; the import and export commodity inspection bureaus (called commodity inspection institutions hereinafter) instituted by the SAIIEC in provinces, autonomous regions, and municipalities will be responsible for the hygiene registration and listing of regional export foodstuff factories and storehouses under their jurisdiction.

**Article 4:** Factories and storehouses which produce or store for export, canned food; beverages; livestock and poultry meats and meat products; aquatic products (except live items) and processed aquatic products;

quick-frozen food; dairy, egg, and honey products; dehydrated foodstuffs; flour and sugar products; sugar; tea leaves; and sausages will be placed under the hygiene registration system. All other export foodstuff factories will be placed under the hygiene listing system.

##### Chapter II—Application for Hygiene Registration

**Article 5:** Each export foodstuff factory or storehouse applying for hygiene registration must establish a hygiene quality control system in accordance with the "Hygiene Requirements on Export Foodstuff Factories and Stores" (referred to as the "Hygiene Requirements" hereinafter) and should satisfy the requirements stipulated in the relevant hygiene code for export foodstuff factories and stores (referred to as the "Hygiene Code" hereinafter). Article 6: Prior to the production of export foodstuffs, export foodstuff factories and storehouses should apply to the commodity inspection institution for hygiene registration and fill out a hygiene registration application form (in triplicate).

**Article 7:** When submitting the hygiene registration application form, the export foodstuff factory or storehouse should also supply relevant materials, such as the quality handbook, precinct plan, and process flow chart.

##### Chapter III—Evaluation and Certification Regarding Hygiene Registration

**Article 8:** Upon receipt of the hygiene registration application form and relevant materials submitted by the export foodstuff factory or store, the commodity inspection institution will form an evaluation team of two to three members to examine the application form and other documents. The qualifications of the evaluators will conform to the provisions of the "Procedures for the Implementation of the Regulations on the Management of Evaluators for the Quality Control Systems of Import and Export Commodity Manufacturers."

For enterprises which have passed the preliminary assessment by the evaluation team, an evaluation plan, program, and procedure should subsequently be formulated and, within 15 days, an evaluation timetable will be finalized after consultation with the export foodstuff factory or storehouse in question. This timetable must be honored. If the applicant is found to be below standard, he should be notified within 15 days to remedy any shortcomings over a period of one month. If the enterprise fails to do so before the deadline, the application is deemed to have been withdrawn.

**Article 9:** When evaluating an export foodstuff factory or storehouse, the evaluation team should explain the purpose, basis, scope, and method of the evaluation to the enterprise under evaluation and listen to any report it gives on its operational conditions.

**Article 10:** The evaluation team should conduct evaluation on the export foodstuff factory or storehouse in accordance with the "Hygiene Requirements" and the applicable "Hygiene Code." It may resort to such methods as raising questions, studying records,

inspecting production sites, and examining conditions. The evaluation should be logged.

Article 11: The evaluation team will notify the export foodstuff factory or storehouse under evaluation of the results and make recommendations on, and set a deadline for, improvement of existing problems.

The export foodstuff factory or storehouse should report to the evaluation team the progress of improvements before the deadline.

Article 12: The commodity inspection institution will examine and verify the evaluation report and log of the evaluation team and any report submitted by the export foodstuff factory or storehouse under evaluation on the progress of improvement, making a final evaluation within 15 days. If the enterprise under evaluation is qualified, a hygiene registration certificate and registration number will be issued; if the export foodstuff factory and store under evaluation is disqualified, it may refile an application for hygiene registration six months from the date of notification.

#### Chapter IV—Supervision and Management of Registered Factories and Storehouses

Article 13: The commodity inspection institution will exercise supervision and management over the registered export foodstuff factories and storehouses (referred to as registered factories and storehouses) in the region under its jurisdiction. Such supervision and management will include sending personnel to the registered factory or storehouse to: inspect the operation of its quality control system; inspect the implementation of the hygiene regulations in the production or export process; inspect the quality and record of hygiene inspection work; and spot-check product quality.

Article 14: If the commodity inspection institution, during its supervision or inspection of a registered factory or storehouse, finds the latter in violation of the provisions of the "Hygiene Requirements" and the relevant "Hygiene Code," it will instruct the latter to rectify the problem before a deadline; in a serious case, the former may issue a warning, suspend submission for inspection, order a suspension of operation for rectification, and even withdraw the registration certificate.

Any withdrawal of registration certificate will be reported to the SAIIEC for the record.

The export foodstuff factory or storehouse whose registration certificate has been withdrawn may not refile an application for hygiene registration until six months after receipt of the notification on the withdrawal of the registration certificate.

Article 15: The hygiene registration certificate is valid for a period of three years. The registered factory or storehouse will apply to the provincial-level commodity inspection institution for reassessment and replacement of certificate three months before the expiration date of its certificate.

Article 16: Any export foodstuff factory or storehouse which fails to apply for reassessment as required or is disqualified in reassessment may not continue to produce, process, or store export foodstuffs. The commodity inspection institution should subsequently revoke the registration certificate, withdraw the registration number, and report to the SAIIEC for the record.

Article 17: The hygiene registration certificate and registration number may not be altered, lent to another party, transferred, used by another party, or forged. Any violator will be awarded a penalty by the commodity inspection institution on the basis of the applicable articles in the "Regulations on the Implementation of the PRC Law on the Inspection of Import and Export Commodities."

Article 18: The SAIIEC will exercise supervision and inspection over the registration of export foodstuff factories and storehouses around the country and, when necessary, organize expert teams to spot-check such enterprises.

#### Chapter V—Supplementary Provisions

Article 19: Any export foodstuff factory or storehouse which refuses to accept the evaluation results or penalty decision awarded by the commodity inspection institution may appeal for a reevaluation in accordance with the relevant provisions of the "Regulations on the Implementation of the PRC Law on the Inspection of Import and Export Commodities."

Article 20: The branches and affiliated establishments of an export foodstuff factory or storehouse and workshops which do not operate on the same premises are subject to separate hygiene registration or listing management.

Article 21: Any export foodstuff factory or storehouse which needs to apply to foreign authorities for registration or listing must obtain a hygiene registration or listing certificate in accordance with this set of procedures and proceed in pursuance with the "Regulations on the Application for Foreign Hygiene Registration by Export Foodstuff Manufacturers."

Article 22: This set of procedures will enter into effect as from the date of promulgation.

## Agriculture

### Jiang Chunyun Discusses Agricultural Work

OW2601035595 Beijing XINHUA Domestic Service in Chinese 1149 GMT 14 Jan 95

[By RENMIN RIBAO reporter Jiang Xia (3068 1115) and XINHUA reporters Pu Liye (5543 4539 2814) and Wang Yanbin (3769 6056 1755) ]

[FBIS Translated Text] Beijing, 14 Jan (XINHUA)—At a national agricultural work conference that closed yesterday, Jiang Chunyun, member of the CPC Central Committee Political Bureau and member of the CPC

Central Committee Secretariat, pointed out emphatically: Right now, we should seize the opportune moment provided by the great attention paid to agriculture by all quarters, the brisk demand for agricultural products, and the peasants' greater enthusiasm in production; work together; and try every possible way to strive for a bumper agricultural harvest this year. We should guarantee the supply of essential major agricultural and sideline products, and bigger increases in peasants' incomes.

Jiang Chunyun said: Our grain production was high last year despite serious natural disasters. Our cotton production rallied; peasants enjoyed bigger increases in their incomes; we recorded overall growth in forestry, animal husbandry, sideline production, and fishery; and village and town enterprises developed rapidly. We owe our successes to the correct leadership of the party Central Committee and the State Council in agricultural and rural economic work; intensified work by local party committees and governments; and the arduous struggles by agricultural departments and the vast number of peasants. On behalf of the party Central Committee and the State Council, Jiang Chunyun extended heartfelt respect to the vast number of cadres and science and technology personnel from the farming, forestry, animal husbandry, water conservancy, aquatic production, land reclamation, village and town enterprises, and farm machinery production sectors who have struggled on the agricultural frontline. He said: Although our supply of major agricultural and sideline products could basically satisfy our needs, we should not ignore structural and regional problems in supply and demand. From the long-term perspective, agricultural production faces tremendous pressure from population growth, improved living standards for the people, and rapid development of the national economy, and it is also restricted by such factors as shrinking arable land and weak infrastructural conditions. Hence, our future task will be very arduous and strenuous. We must seek unity of thought on the guidelines of the central economic work conference, and try every possible way to improve our agriculture. Our top priority is to strive for a bumper agricultural harvest this year. Even in the face of serious natural disasters, we should still minimize our losses through antidisaster struggles.

Jiang Chunyun pointed out: A bumper agricultural harvest is of great significance to us this year. First, this is necessitated by the need to preserve the overall situation of reform, development, and stability, and to control inflation. Last year, our country's economic activity encountered inflation rates that were too high and were triggered by such factors—which we must not overlook—as slow agricultural development. Because people in our country spend a large portion of their living expenses on food, the impact of food price increases is therefore great and felt strongly by the people. By trying every possible way to obtain a bumper agricultural harvest this year, enrich our "rice sacks" and "vegetable baskets," and increase the supply of essential goods, we

could relieve inflationary pressure to a large extent. Second, this is necessitated by the need to support a sustained, rapid, and healthy national economic development. In recent years, the situation characterized by "one longer leg and one shorter leg" in the primary and secondary industries of our country's economic structure has essentially not changed, and has even worsened in some areas. Industrial growth rates that remain too high and agricultural growth rates that remain too low over an extended period will seriously affect the healthy operation of the national economy. Third, this is necessitated by the need to satisfy our people's growing consumption need for agricultural and sideline products. Fourth, this is necessitated by the need to help peasants attain moderate prosperity. About 70 percent of our country's rural labor force engage in agriculture, and over 50 percent of the peasants' income comes from agriculture. Vigorous efforts to develop farming, forestry, animal husbandry, and fishery industries, and increase income by way of increasing production are still important, irreplaceable channels.

Jiang Chunyun said emphatically: To reap a bumper harvest this year, we must intensify our work and earnestly implement all measures adopted to this end. First, we should focus on areas sown with grain and cotton. This year, restoring and guaranteeing the acreage sown with grain and cotton should be regarded as a key task in increasing the supply of essential goods. We should stabilize grain acreage above 1.65 billion mu, and strive hard to restore cotton acreage to 90 million mu. We should adroitly handle the relations between grain production and the development of diversified economic undertakings. We should strictly forbid the use of grain fields to grow fruit trees and dredge fish ponds, and strictly control land used for nonagricultural purposes such as developmental zones, real estate, and other capital construction. We should primarily use the "four types of wasteland," untapped water masses, and deserted shoals for the development of forestry, fruit, and fishery industries. Secondly, we should focus on producing and supplying the means for agricultural production. In the production field, we should strive to accomplish this year's production plan for chemical fertilizers. Large chemical fertilizer enterprises should give priority to guaranteeing the completion of national production quotas and allocation plans, and small ones should also proceed at full speed to produce more chemical fertilizers and make more contributions. Agricultural departments at all levels should more actively promote fertilizer- and seed-conserving technologies, and promote such scientific fertilizer-application technologies as applying fertilizers deep into the ground and according to prescriptions so as to increase the effectiveness of fertilizers. We should also mobilize the masses into greatly accumulating, producing, and using more farm manures. In terms of supply, we should resolutely implement state provisions, cut intermediate links, and strictly control wholesale-retail price parities. Third, we should focus on promoting scientific and technological

progress. We should conduct key scientific research projects while promoting the transformation of scientific and technological achievements. Now, our chief task is to selectively cultivate fine strains that show significant results in helping us to increase production and incomes, promote applied technology, and vigorously promote optimum grain and cotton cultivation methods, technologies that bring higher economic returns and better and greater yields, and technologies that require less investment but bring higher economic returns. Fourth, we should vigorously construct water conservancy works and improve conditions for agricultural production. Fifth, we should vigorously deepen rural reform. This year we should make new progress in rural reform in the following six aspects: 1. We should stabilize and improve the basic management system in rural areas. 2. We should deepen the reform of ownership rights for collective-owned village and town enterprises. 3. We should strengthen reform of the distribution system. 4. We should promote industrialization of the agricultural sector. 5. We should accelerate construction of small cities and towns. 6. We should strengthen macroeconomic regulation and control in the agricultural sector.

The key is to develop agriculture, strive for a bumper agricultural harvest this year, and strengthen leadership. Jiang Chunyun said emphatically: Party committee and government leaders at all levels should personally attend to agricultural matters. They should personally investigate and study major issues concerning agricultural and rural work, and make policy decisions and plans which they should implement vigorously so as to obtain practical results. We should earnestly strengthen agricultural and rural work departments. Rural economies, particularly agricultural development, need the attention and support of the whole society. I hope all relevant departments will pay attention to and support the agricultural sector as before, and conscientiously give top priority to strengthening agriculture in their economic work. At present, we should give priority to implementing investment policies. We should increase agricultural investment according to stipulations in the "Agricultural Law" and relevant central documents; conscientiously increase the proportions allocated to agriculture in state capital construction investment, fiscal budget, and credit funds; and guarantee timely delivery of the full amount of relevant funds.

Responsible comrades of relevant departments, ministries, and commissions of the party Central Committee and the State Council attended the meeting. The meeting was presided over by Minister of Agriculture Liu Jiang.

#### Tie Between Grain Production, Food Prices Analyzed

HK2501124295 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0924 GMT 14 Jan 95

[“Special article” by staff reporter Zhong Min (6988 2404): “Mainland’s Grain Supply in 1995 Attracts Public Attention”]

[FBIS Translated Text] 14 Jan (ZHONGGUO TONGXUN SHE)—Owing to the sharp increase in the prices of grain and foodstuffs last year, which was the main reason for the high inflation rate, China’s grain production in 1995 has attracted particular public attention. A number of cities and towns in Sichuan and Hubei have started to reissue “grain and edible oil preference cards” in a bid to ration grain supplies, which gives rise to a question: Is the mainland going to face grain shortages this year?

As a matter of fact, China reaped good harvests last year, despite the serious floods in three southern provinces. Total agricultural output increased 3.5 percent over 1993, and except for grain, the output of cotton, edible oils, fruit and vegetables, pork, fish, and foodstuffs all increased. Although last year’s total grain output of 444 million tonnes was 11 million tonnes less than in 1993, it was still the second-highest figure in history, which basically ensured market supplies.

The drastic increase in the prices of grain and foodstuffs last year, which accounted for 21.7 percent of inflation, were due mainly to a standstill in agricultural growth. The growth in farm produce was only one-fourth that of industry. Moreover, there is an additional population of 15 million every year, which relatively reduces the per capita distribution of grain. Moreover, 1994 was a crucial year for price reform. The authorities had planned to increase the grain purchase price by 40 percent in June. In addition, the price increases at every level in the course of circulation, the prices forced up by retailers, and the price increases in fuel and transportation all resulted in soaring food prices.

The decision by the authorities to raise the purchase price of farm produce as scheduled in mid-1994 was an important link in the central government’s macroeconomic regulation and control. It was also an important strategic policy decision. The excessively low purchase price of grain over a long period of time had dampened the peasants’ enthusiasm, which resulted in a widened income gap between urban inhabitants and peasants. The peasants’ annual income for the past two years increased by only 5 to 7 percent, which was a negative increase after deducting the inflation factor. Unless this state of affairs is brought to an end, it not only will dampen the peasants’ enthusiasm, but also will lead to rural unrest. For this reason, despite the rising inflation rate in the first half of last year, the authorities resolutely announced the plan to increase the grain purchase price by 40 percent so as to encourage the peasants’ enthusiasm for production. It is estimated that peasants throughout the country would gain an extra 200 billion yuan in income through this price increase, averaging 220 yuan, which would bring their average annual income to 1,200 yuan, topping the 1,000-mark, and would show an increase of 25 percent over the previous year. This move eliminated the possible hidden trouble of instability in some rural areas caused by poverty among peasants, and created favorable conditions for increasing this year’s output.

Moreover, the Chinese Government has decided to step up its support for agricultural production, and to shift the focus of its investment in capital construction to agriculture this year in a bid to resolve the long-standing problem of agriculture, which has reached a standstill. The State Development Bank announced in early January that it would increase the loans granted to agricultural projects by 20 percent. The Agricultural Bank planned to grant 35 billion yuan in loans to peasants. This figure would exceed 57 billion if the loans to small hydropower stations and farmland capital construction were added, an increase of 26.4 percent over the previous year. The authorities have acknowledged the insufficient input in agriculture over a long period of time, which has been the main reason for agriculture's being at a standstill. Only by genuinely placing agricultural development in a primary position in capital construction, and by ensuring the supply of raw materials for industry and people's livelihood can the question of food price increases be resolved.

Meanwhile, because of the gradual reduction in the area of cultivated land in China, the authorities recently announced a ban on all use of cultivated land for building new houses and industrial facilities, and ordered all provinces and cities to protect cultivated land and to ensure that their cultivated land will not reduce annually. It already has been very difficult for China to use 7 percent of the world's cultivated land to feed

one-fourth of the world's population. If land is further used for other purposes, China will have to import grain. Therefore, the ban on the use of cultivated land is a very important decision.

In addition, the authorities summarized the reasons for last year's food price increases, of which one was that the prices were forced up in retail sales. Hence, the departments concerned announced that the main grain shops in cities and towns will be responsible for grain supply to the urban and rural inhabitants. Like the grain shops in rural areas, they will serve as the main channel for grain supplies. In the past, some cities and towns contracted the grain shops to individual operators, or turned the public grain shops into nongovernmental ones. Now all these grain shops should be taken back. Under this policy, a number of cities and towns in Sichuan and Hubei have reissued "grain and edible oil preference cards" aimed at rationing grain supplies. The card holders can purchase grain and edible oil at a price lower than the free market. This move can curb private retailers from forcing up prices, and help to maintain stable prices.

The Chinese Government has set this year's grain production quotas at 469 million tonnes, which is 250 million tonnes more than in 1994. If the quotas can be met, the supply of grain and foodstuffs will not be a problem, and prices subsequently will drop.

## East Region

**Anhui's Lu Rongjing Inspects Chaohu Prefecture**  
*OW2501052495 Hefei ANHUI RIBAO in Chinese 4 Jan 95 p 1*

[Unattributed report: "We Must Tackle All Tasks Even More Relentlessly This New Year"]

[FBIS Translated Text] While inspecting Chaohu Prefecture, Lu Rongjing, secretary of the Anhui provincial party committee, said emphatically: A very honorable but arduous task of promoting reform, development, and stability awaits us this new year. To effectively accomplish the whole year's work, we must from the very beginning tackle our tasks relentlessly—very relentlessly and without slackening—and actually implement the central and provincial party committee economic work meeting guidelines at the grass-roots level as soon as possible, so as to lay a good foundation and gain a head start for the victorious completion of this year's objective of struggle.

Lu Rongjing and his delegation successively inspected Chaohu City, Hanshan County, and Wuwei County from 28 to 31 December. They went to industrial and mining enterprises and rural areas; visited workers and peasant households to gain an understanding of their situation, canvass opinions, and ask for suggestions; and heard work reports by the prefectoral party committee and administrative office. Chaohu Prefecture achieved remarkable success in restructuring its agriculture in 1994. It reaped a rather good agricultural harvest in a drought-hit year, it doubled and redoubled the growth rates of village and town enterprises, its industry developed rapidly, and it significantly increased economic returns. In particular, it adopted a batch of advanced projects, made considerable progress in infrastructural construction, greatly increased its revenue, improved the masses' living standards, and enjoyed social stability. Lu Rongjing fully affirmed Chaohu Prefecture's work. He hoped Chaohu Prefecture would seriously sum up its achievements and experiences, and proceed from there to further display its superiorities, accelerate development, and make greater contributions to revitalizing the provincial economy.

Lu Rongjing pointed out: 1995, the last year of the "Eighth Five-Year Plan," is a crucial year that will determine whether we can maintain the powerful momentum of development after three consecutive years of rapid growth. Effective handling of this year's economic work will put us on an advanced level for implementing the "Ninth Five-Year Plan," and lay a solid foundation for our province to achieve moderate prosperity by the end of this century. In line with central planning and the realities of our province, the provincial economic work meeting recently studied ways and made arrangements to further accelerate economic development in our province, and defined the overall line of thought. At the core of this line of thought is the

requirement that we seize the opportunity, accelerate our transformation into a socialist market economy, accelerate our opening up to the outside world, accelerate our transformation into a quality- and efficiency-oriented economy, and exhaust every means to preserve sustained, rapid, and healthy economic development. The line of thought was formulated after serious efforts to sum up experience in economic development at an earlier stage, and it conforms to the state of the province. The key now is to further arouse people of all levels into action, prevent complacency and slackening of efforts, unceasingly bestir ourselves, keep in mind the whole year's work but focus on the present tasks, quietly immerse ourselves in hard work, and do a solid job.

On how to implement things effectively, Lu Rongjing stressed: We should fully understand and solve four issues. The first one concerns seizing opportunities and displaying superiority. Opportunities, although a fleeting thing, can help us gain the initiative. Opportunities and superiority are interconnected—we can only display our superiority after we have seized opportunities. We should realize that our superiority lies in our unique natural resources and geographical position. We should also see clearly that in the face of a rare and fine opportunity for accelerating development, we should have a sense of urgency and responsibility, refrain from being complacent and relaxing our efforts, and more effectively integrate seizing opportunities with displaying superiority. The second issue concerns emancipating the minds and broadening our mental outlook. Abundant experiences have proven that emancipating the mind is the prerequisite for accelerating development. With new concepts come diverse methods and broad visions. Mental emancipation is a dynamic process that must be relentlessly carried out. Each progressive step made by our provincial economy is the result of mental emancipation. The third issue concerns laying a solid foundation and relentlessly tackling grass-roots issues. We should focus on fundamental work, promote scientific and standard administration of villages and enterprises, and step up the construction of moderately prosperous villages in rural areas and small cities and towns. Effective grass-roots organizational construction is the basic guarantee for the effective implementation of all grass-roots jobs. Therefore, we should especially strengthen the rallying power and fighting power of grass-roots party organizations, activate the cells of economic activities, and ensure that party and government principles and policies are implemented at the grass-roots level. The fourth issue concerns providing guidance according to needs and leading by example. Because unequal development may exist for a long time, leading departments and comrades doing leadership work cannot attend to each and every aspect of a relevant matter without taking into consideration its importance. Instead, they should focus on typical cases, and work hard and make breakthroughs in key areas to promote work in all areas. By focusing on typical cases, we are adhering to the ideological line of seeking truth from

facts, and the scientific work method of coming from practice and the masses and going back to practice and the masses. We must not practice formalism and pay lip service. All localities should focus on typical cases in exploratory agricultural undertakings, construction of moderately prosperous villages and small cities and towns, and enterprise reform; gain experience from them; and use them to set examples, so that economic construction, reform, and opening up will advance steadily and healthily in all areas.

During his inspection, Lu Rongji extended sincere regards and new year greetings to troops, officers and men of the people's armed police, and retired veteran comrades in Chaohu.

Ji Jiahong [1323 1367 1347], provincial party committee secretary general; Hu Jiduo [5170 4949 6995], Chaohu prefectural party committee secretary; and Zhou Guangquan [0719 0342 0356], Chaohu prefectural commissioner, went on the inspection trip.

#### Anhui Acting Governor Addresses Economic Work Conference

*OW2601123695 Hefei Anhui People's Radio Network in Mandarin 1100 GMT 14 Jan 95*

[From the "Provincial Hookup" program]

[FBIS Translated Text] A provincial economic and trade work conference closed in Hefei recently. Acting Governor Hui Liangyu stressed at the conference: Cadres, workers, and staff members on the economic and trade fronts should emancipate their minds further; expedite the pace of reform and opening up; pursue qualitative and efficiency-based economic growth; quicken the pace of industrial economic development primarily through the invigoration of enterprises; and do a better job of promoting overall provincial economic development. Provincial leaders Chen Guanglin, Wu Changqi, (Cai Lingjiu), Wang Xiuzhi, Long Nian, and Rong Guanghong attended the conference; as did people from prefectures and cities and people in charge of relevant departments directly under the provincial government.

Hui Liangyu made an important speech at the conference. He noted: We should emancipate our minds further and expedite the pace of reform and opening up. There are no limits to the extent we can emancipate our minds and carry out the reform and opening up program. Therefore, we should pay due attention to mental emancipation, which is the master switch and starter that expedites the pace of reform, opening up, and economic development. To emancipate our minds, we should exhibit a strong sense of the need to expedite development, as well as heighten our sense of reform and opening up. The provincial economy is in the crucial stage of accelerated development. We should firmly foster a reformist and innovative spirit characterized by bold pioneering action, risk-taking, and experimentation. We should strive for an efficiency-based growth rate without slackening our efforts in the least. We

should heighten our sense of urgency about opening up to the outside world. We should expedite the pace of attracting foreign investment and capital by showing greater courage, resourcefulness, and daring; by redoubling our efforts; and by taking practical and effective measures. This year, we should seek new breakthroughs in earning foreign exchange from exports, in establishing foreign-funded enterprises, and in utilizing foreign capital.

Hui Liangyu noted: We should take qualitative and efficiency-based economic growth as both the point of departure and the end result in our economic work and trade. To ensure that the economy will continue to develop in a healthy and rapid manner, Anhui must increase output and expand the scale of economic development while also markedly improving the quality and efficiency of economic operations. It should improve overall economic quality and efficiency in allocating production factors. It should correctly handle the dialectical relationship between expediting development and improving quality and efficiency. It should promote the conversion of extensive and speed-based economic growth into intensive and efficiency-based economic growth.

On how to expedite Anhui's industrialization process and economic development with the focus on invigorating enterprises, Hui Liangyu noted: We should intensify enterprise reform; vigorously promote reform through the implementation of shareholding and cooperative stock systems; promote the conglomeration, transplantation [jia jie], merger, and leasing of enterprises through various ways and means; and increase enterprises' vitality by every possible means. We should intensify efforts at reorganizing enterprises, energetically develop enterprise groups, introduce more adjustments to enterprises' organizational structure, and compete in domestic and foreign markets on the basis of collective strengths. We should intensify efforts at upgrading enterprises technologically, adopt new measures to increase input in enterprises' technological upgrading, and promote technological advances in enterprises. We should conscientiously improve internal management in enterprises; launch an intensive drive toward changing mechanisms, improving management, strengthening internal functions, and raising efficiency; and constantly invigorate enterprises.

In closing, Hui Liangyu emphasized: We should conscientiously strengthen economic and trade commissions, change their functions, give full play to their role, and improve their work. To become economically and industrially developed, to operate enterprises efficiently, and to invigorate commodity circulation, Anhui must upgrade the work of economic and trade commissions. Economic and trade commissions at all levels should earnestly undertake the heavy task of coordinating all facets of economic operations; do a good job of harmonizing production and distribution, internal and foreign trade, and capital and material flows; and oversee,

coordinate, and serve economic operations through proper policy guidance. They should dare to seek truth from facts and blaze new trails, be good at studying and pondering matters, constantly improve the quality of their personnel, and keep improving their standards and capabilities in guiding and serving the market economy.

Vice Governor Wang Xiuzhi delivered the closing address. He noted: We should gain a clear understanding of the situation, unify thinking, and try every possible means to maintain the province's momentum toward vigorous industrial development. We should intensify our efforts and give prominence to key areas as we shift economic development onto the track of quality and efficiency. We should try our best to seek as fast a growth rate as possible if that growth rate is based on quality and efficiency, and strive to complete this year's tasks in the economic and trade arenas.

#### Anhui Discipline Inspection Commission Holds Plenum

OW2601123895 Hefei Anhui People's Radio Network in Mandarin 1100 GMT 15 Jan 95

[By station correspondent Wang Yi and reporter Zhang Mei; from the "Provincial Hookup" program]

[FBIS Translated Text] The 11th Plenary Session of the Anhui CPC Committee Discipline Inspection Commission was held in Hefei on 14 January. Attending the meeting were 33 members of the provincial discipline inspection commission. Chen Guanglin, provincial party committee standing committee member and secretary of the provincial discipline inspection commission, chaired and addressed the meeting.

The meeting opined: Since the fifth provincial party congress, and under the leadership of the provincial party committee and the Central Discipline Inspection Commission, discipline inspection commissions at all levels have adhered to the guidance of Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and the party basic line, and centered their efforts around the central task of economic construction, to promote healthy party practice and clean administration, and conduct thoroughgoing anticorruption struggle. They have actively contributed to preserving social and political stability in the province, to stepping up the pace of reform and opening up, and to accelerating economic construction and development.

The meeting demanded: Discipline inspection commissions at all levels should continue to adhere to the guidance of Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics, persevere in serving the party basic line, firmly grasp the overall situation of the entire party's work, further bestir themselves, increase their will to fight, forge ahead with all their might, work in a down-to-earth manner, and comprehensively fulfill their discipline inspection and supervisory roles so as to make new and greater contributions to guaranteeing the implementation of all tasks

proposed at the 14th national party congress and the Third and Fourth Plenary Sessions of the 14th CPC Committee Central Committee and those to be proposed at the coming sixth provincial party congress, and to attaining the great strategic objectives of social and economic development.

Upon discussion, the meeting agreed in principle with a work report that is to be submitted by the Anhui CPC Committee Discipline Inspection Commission to the sixth provincial party congress, and decided to submit it to the sixth provincial party congress for examination and deliberation.

#### Fujian Secretary Speaks on Political Science, Law

HK2501124595 Fuzhou Fujian People's Radio Network in Mandarin 2300 GMT 16 Jan 95

[FBIS Translated Excerpt] Discussions were held at a provincial meeting on political science and law yesterday afternoon. Provincial leaders—including Jia Qinglin, Chen Mingyi, Lin Kaiqin, He Shaoquan, Huang Songlu, Song Xun, Tong Wanheng, Chen Jiazen, Fong Zhongbing, and Zheng Yizheng—held discussions with the participants on how to improve work concerning political science and law. After listening to some leaders' opinions, Chen Mingyi and Lin Kaiqin made speeches.

Jia Qinglin made a speech on the work concerning political science and law, saying: Without stability, there can be no development. The provincial party committee and government always take serious account of maintaining social stability. This year, we must continue to maintain social stability, and to take this as a major issue in the work of the entire party and province. Prominent social order problems must be tackled properly, the fight against crime must be reinforced, infiltration and sabotage by hostile domestic and foreign forces must be crushed, contradictions between the people must be handled correctly, factors causing social instability must be removed, the crackdown on crime must be strengthened, criminal offenses must be dealt with resolutely, all measures for the comprehensive management of social order must be put into effect by fully relying on the masses, and major and important cases of economic crime must be handled seriously in coordination with the fight against corruption. [passage omitted]

Jia Qinglin stressed: Party committees, governments, public security departments, and judicial institutions at all levels must regard the preservation of social order and security during the spring festival as a matter of primary importance. They must take effective measures to ensure that people throughout the province will spend a happy, harmonious, civilized, and safe spring festival.

After listening to the opinions of provincial political science and law commission leaders, and some prefectural and city leaders, Secretary Jia Qinglin pointed out: As soon as 1995 began, the provincial party committee and government paid attention to maintaining social stability. This is a very important issue because without

stability, there can be no development. Last year was a year of great headway for Fujian's reform, opening up, economic construction, and party building, and was also a year in which notable achievements were made in the work concerning political science and law. Political science and law departments at all levels actively engaged in self-improvement, and devoted all-out efforts to maintaining stability, thus creating a fine social environment for Fujian's reform, opening up, and economic construction. The provincial political science and law commission and the provincial commission for comprehensive management of social order also have done a great deal of effective work, thus serving as important consultants for the provincial party committee.

On the relationship between stability and development, Jia Qinglin said: Without stability, we cannot talk about promoting development. The relationship between reform, development, and stability must be handled properly. In particular, Fujian is a favorite province for foreign and overseas Chinese investment. If our social order is very bad and there is no sense of safety, foreign businessmen would rather make less money or no money, than invest in Fujian. In this sense, preserving social stability is an important link in maintaining openness to the outside world. Without stability, how can we talk about reform, opening up, and development? To preserve stability is to protect overall interests. Maintaining social stability is the precondition for the fulfillment of other tasks. [passage omitted]

Jia Qinglin emphatically pointed out: There are all sorts of contradictions and disputes in land reclamation, in transforming old towns, and in the relationship between management and labor in foreign-invested enterprises. Positive measures must be taken to resolve these problems. The impetus of the crackdown on crime must be strengthened, and great efforts must be made to unearth major crimes, attack criminal gangs, and trace fugitives so as to bring about a change for the better in some regions' social order.

On the self-improvement of the political science and law contingent, Jia Qinglin pointed out: On the whole, Fujian's political science and law contingent is strong and efficient, and can withstand all tests, but we also must understand that there are some elements who bring disgrace on the contingent, which has brought about bad influences among the masses. Effective measures must be adopted to resolve this problem so as to improve the contingent's quality. [passage omitted]

#### Fujian Leaders at New Year Tea Party for Veteran Cadres

HK2601103995 Fuzhou Fujian People's Radio Network in Mandarin 2300 GMT 23 Jan 95

[FBIS Translated Excerpt] At the province's veteran cadres center yesterday afternoon [23 January], provincial leaders Jia Qinglin, Chen Mingyi, Lin Kaiqin, Chen Yingguan, Liu Yongye, Pan Xincheng, and Lu Haoran

spent a happy get-together with nearly 300 retired veteran cadres of departments directly under the provincial authorities in order to greet the Lunar New Year.

On behalf of the provincial party committee and the provincial government, Lin Kaiqin, deputy secretary of the provincial party committee, conveyed early new year greetings to the veteran cadres present, and to all retired veteran cadres and comrades throughout the province.

Lin Kaiqin said: In the past year, Fujian made new progress in various undertakings. This was the result of the hard and pioneering work of party and government leaders at all levels, and of the broad masses in our province. At the same time, it was permeated with the mental and physical efforts of vast numbers of retired cadres, which could not be separated from the understanding, support, and help of vast numbers of retired cadres.

Lin Kaiqin pointed out: Veteran cadres are the treasure of the state. Although they have left office, they still are concerned about the great cause of socialism, and are making contributions to Fujian's modernization drive. [passage omitted]

Lin Kaiqin wished that in the new year, the vast numbers of retired veteran comrades will still be able to preserve and carry forward the party's fine tradition and style, and to make their greatest possible contributions to Fujian's reform, opening up and modernization drive. [passage omitted]

#### Fujian Leaders Call on Workers at Enterprises

HK2601104095 Fuzhou Fujian People's Radio Network in Mandarin 2300 GMT 23 Jan 95

[FBIS Translated Excerpt] Yesterday afternoon [23 January], provincial leaders Jia Qinglin, Chen Mingyi, He Shaochuan, and Pan Xincheng—braving the fine drizzle and bringing along the party's and the government's loving care—conveyed cordial greetings to workers and staff of some straitened enterprises in Fuzhou, and paid early new year calls on them.

Jia Qinglin, Pan Xincheng, and their party went to Fuzhou's No. 1 tractor plant to acquire detailed knowledge on the situation of enterprise production and operation, and on the well-being of its workers and staff. They also held informal discussions with leaders of the plant on such issues as the enterprise's development, and the preservation and development of traditional industries.

Jia Qinglin said: State enterprises running in difficulties, and their workers and staff, share the worries of the party and the government, and have done much work to stabilize the overall situation. He wished that governments and relevant departments at all levels would try every means to go to enterprises to learn about the situation and to help enterprises make proper arrangements for the livelihood of their workers and staff. [passage omitted]

Chen Mingyi, He Shaohuan, and their party called on a number of workers. [passage omitted]

Chen Mingyi told enterprise leaders to show greater solicitude for poverty-stricken workers and staff. [passage omitted]

### Jiangsu Leader Gives Holiday Guidelines

OW2501063995 Nanjing MNHU J RIBAO in Chinese 3 Jan 95 p 1

[Unattributed report: "As a New Year Has Begun, Provincial Party Committee Standing Committee Urges All Leaders To Spend Less Time on Routine Affairs and Social Activities, and Focus Attention on Accomplishing Assignments"]

[FBIS Translated Text] Local authorities in Jiangsu are currently very busy implementing the guidelines laid down by the Fourth Plenary Session of the 14th CPC Central Committee, the central economic conference, and the ninth provincial party congress. Meanwhile, a new year has just started and the 1995 Spring Festival is also around the corner. To make sure that people in Jiangsu have a happy and peaceful Spring Festival and that all assignments can be accomplished, Comrade Chen Huanyou [secretary of the Jiangsu Provincial CPC Committee and Jiangsu government] at a recent provincial party committee standing committee meeting he chaired, urged leading cadres at all levels to focus their attention on accomplishing the current assignments instead of spending too much time on social activities and routine affairs. He put forth the following requirements:

1. We should continue to improve our work style and focus our attention on accomplishing all assignments. The most important job at present is to accomplish the assignments which the recent ninth provincial party congress set for Jiangsu's economic construction, social development, and building stronger party organizations for the next five years. Thus, we should make efforts to cut down on the number of meetings, spend less time on routine affairs and social activities, and focus attention on conveying and carrying out the provincial party congress' guidelines and economic and other projects. Leading cadres must conduct investigation at grass-roots units to understand their actual situation, come up with practical measures that can deal with their problems effectively. They should pay attention to understanding and analyzing real problems and weaknesses and come up with measures for dealing with the problems to make sure that all projects will be accomplished.

2. We should promote civility, simplicity, and frugality, and cut down on unnecessary protocols. Besides attending activities of supporting the military and giving preferential treatment to military dependents, visiting veteran cadres, and holding meetings with democrats, personnel without party affiliations, and intellectuals during the Spring Festival, leading comrades of the provincial party committee and provincial government

should not attend tea parties and other social gatherings so that they can use their time working with the masses at grass-roots units in accomplishing various assignments. All localities, departments, and units must also cut down on meetings, celebrations, and award-giving ceremonies. Whenever possible, we should dispense with these activities, or hold them together at the same time. In case a meeting is absolute necessary, it should be conducted economically. City and county authorities and grass-roots units need not pay courtesy calls at provincial organs during the Spring Festival.

3. The use of public funds for holding banquets and buying gifts is strictly forbidden. We must firmly stop such ostentatious and wasteful practices. Lower units may not send cash, presents, securities and the like to upper units as presents; and upper units may not solicit gifts from lower units under any excuse. Taking advantage of the Spring Festival to give out cash, presents, or gift certificates is strictly forbidden. One yardstick to measure Jiangsu's performance in fighting corruption is to see whether we can have a clean, simple, honest, and happy Spring Festival. All leading organs and cadres must set examples of honesty and self-discipline, and they should take up the responsibility of supervising their subordinates to make sure that party members and cadres in their regions, departments, and units perform their duties honestly.

4. We should show genuine concern for the masses' living needs by ensuring market supply during the holiday. Leaders at all levels should visit problem-ridden enterprises and localities and disaster-stricken areas to understand what they want, listen to their views, show concern for their plight, and earnestly assist them to solve their immediate problems, encourage them by telling them that the problems are only temporary, and urge them to help themselves through boosting production. All party committees, governments, and trade unions should care for the masses' livelihood and give them the assistance they need. We should especially assist the impoverished families in rural areas, retirees in cities, and workers who are unemployed or semi-unemployed. We should help them solve their problems and ensure their basic needs.

5. We should step up fire prevention efforts and take security measures to guard against accidents. All party committees, governments, departments, and units must hold themselves highly responsible to the state and the people and attach great importance to security measures. We should follow through with the policy that "whoever is in charge should be responsible" and delegate fire-prevention responsibilities to departments at all levels. Cabarets, theaters, guest houses, hotels, emporiums, and crowded areas; places that keep grain, cotton, cooking oil or other necessities; power and gas stations, and places storing inflammable materials should be checked one by one and special plans should be drawn up to handle their problems, making sure that all major fire hazards are eliminated and that all fire-prevention measures are

carried out. Public security and fire departments should earnestly carry out their duties, intensify their efforts in enforcing laws, and perform their supervisory duties according to the law. The holiday's recreational activities should be small in size and they should be held in different places. While they should be colorful and entertaining, they should also be absolutely safe so that the people will have a peaceful and happy holiday.

### Jiangxi Governor Inspects Pingxiang City

*HK2601105995 Nanchang Jiangxi People's Radio Network in Mandarin 1400 GMT 17 Jan 95*

[FBIS Translated Excerpt] From 12 to 15 January, Governor Wu Guanzheng braved the bitter cold and travelled without pomp in order to carry out inspection work in (Anyuan) and (Xiangdong) Prefectures, and in (Lianhua) County in Pingxiang to try to learn about the situation in the fulfillment of national economic targets last year, and to listen to the plans and arrangements for economic work this year. [passage omitted]

Wu Guanzheng pointed out: We must grasp agriculture well, and must increase the effective supply of farm and sideline products. We must pay attention to tapping the latent potential of hilly areas and farmland, and make greater investment in it. At present, we must pay close attention to making preparations for agricultural goods and materials, such as chemical fertilizers, and store up more farmyard manure. Town and township enterprises must further improve their structures, upgrade their scale and level of operations, and enhance their competitive power in the market. State-owned enterprises must continue paying close attention to the work of turning deficits into profits; strengthen their management; improve the quality and benefit of economic growth; attach importance to the benefit of structural optimization, of economies of scale, and of scientific and technological progress; strive to develop products with competitive power and broad prospects of marketability; and enhance the stamina of development. Party and government leaders at all levels must show solicitude for the poor, and must do everything possible to help them solve their problems. It is necessary to keep making efforts to accomplish the comprehensive management of social order so that the masses can live and work in peace and contentment, and spend a stable and auspicious spring festival.

Wu Guanzheng inspected a number of town and township enterprises and state-owned enterprises in Pingxiang. [passage omitted]

Last year, the city of Pingxiang registered high-speed growth in industrial and agricultural production, with the growth of financial revenue at 29 percent and that of per capita net peasant income at 35.8 percent. Wu Guanzheng was satisfied about this. He said: In these two years, the economy of Pingxiang has advanced to a new level and has been developing rapidly, with a clear direction and a quite relaxed environment. The work has been done in a solid manner, a number of pioneers in the

commodity economy have been recruited without over-emphasizing qualifications, and the people's livelihood has been improved markedly. He fully affirmed the drive launched in Pingxiang in which money and materials are given to poor workers and people, stressing that while setting store by economic benefit, we must pay attention to the embodiment of social justice. Since ours is a socialist system, we must always remember the masses, and must show solicitude for their well-being. He urged Pingxiang to pay close attention to fulfilling economic tasks in a better way this year, to keep making efforts to accomplish the work of turning state-owned enterprises' deficits into profits, to further improve urban building and small-town planning, to attach importance to afforestation and environmental beautification, and to expedite the process of transforming rural areas into towns. [passage omitted]

### Huang Ju Discusses Shanghai Media's Propaganda Work

*OW2601060395 Shanghai JIEFANG RIBAO in Chinese 12 Jan 95 p 1*

[Report by Tan Xiaowei: "At the Quarterly Discussion Meeting, Huang Ju Urges the Media To Unify the Thinking of Cadres and the Masses by Guiding Public Opinion in Order To Maintain the Good Trend of Shanghai's Reform, Opening Up, and Development"]

[FBIS Translated Text] At a quarterly discussion meeting of journalists on 11 January, Huang Ju, secretary of the Shanghai Municipal CPC Committee and mayor of Shanghai, pointed out: The party Central Committee attaches great importance to propaganda and ideological work. The guiding ideology and fundamental policy for the media's propaganda work and tasks are all clearly set forth; the important thing is to carry out this ideology, policy, and tasks. We should have a pragmatic work style and do things in a down-to-earth manner. In conducting propaganda work, the media should correctly grasp the current situation and give play to the media's positive role in guiding the public.

The quarterly discussion meetings of journalists, held by the municipal CPC committee, began in July 1988. The system has been practiced over the last six years and more. Jiang Zemin, Zhu Rongji, and Wu Bangguo have all attended past meetings in their capacity as secretary of the municipal CPC committee, and cordially chatted with journalists. Yesterday, Huang Ju extended his warm congratulations, regards, and thanks to central news media units in Shanghai and to Shanghai's journalism workers. He said: Over the last few years, Shanghai's journalism work has developed very rapidly. The media has endeavored to publicize and pave the way for implementing Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line, and has marched forward along with Shanghai's reform, opening up, and economic construction. The media's work has yielded good results.

Huang Ju pointed out three characteristics of Shanghai media's propaganda work in 1994. First, the media unequivocally and unwaveringly publicized and implemented Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line, thus contributing to Shanghai's reform, opening up, and economic development. Second, the media's theme was clear-cut. It insisted on building both material and spiritual civilizations and attaching equal importance to both, actively publicized the things the masses were concerned about, and publicized Shanghai's success in bringing about a big change every three years. The media was quite successful in unifying and inspiring the masses. Third, each news media unit had its own vivid characteristics. Each newspaper, radio station, and television station made the most of its resources, had its own characteristics, and provided vivid and welcome news reporting. Huang Ju hoped the media would maintain and carry forward these characteristics in the new year, work harder, and strive for greater achievements.

While speaking on correctly grasping the situation and giving play to the media's positive role in guiding the public, Huang Ju said: Through the media's propaganda, we should enable everyone to clearly understand the current and overall situations, and should unify the thinking of cadres and the masses. We should be able to see amid the achievements we have made where we have lagged behind, and be able to see the opportunity among challenges and hopes among difficulties, so that we will work solidly and do practical things to achieve practical results and to maintain the good trend of Shanghai's reform, opening up, and economic development. Yesterday, Huang Ju also urged all news media units to do a good propaganda and reporting job in the Spring Festival season, so that cadres and the masses of Shanghai can enjoy a joyful, peaceful, clean, and frugal new year.

Some new faces were among the journalists attending yesterday's meeting. While discussing why Shanghai's journalism work had developed so rapidly over the past few years, the chief editor of a major newspaper cited four reasons: First, Comrade Deng Xiaoping's remarks made during his south China inspection tour have created a more liberal climate [kuan song di 1401 2646 4104] for journalism; second, reform, opening up, and rapid economic development have provided abundant information for journalism; third, economic development has boosted the development of the advertising industry, thus giving newspapers the financial resources to improve their printing equipment and other conditions for newspaper management; fourth, fierce competition among news media units has not allowed newspapers to take a break and has forced them to work all out in order not to be left behind. The contents of the newspapermen's remarks made over two hours at the meeting focused on different subjects; however, all of them had their own new objectives and plans for the new year. Discontent with current newspaper publication

situations and the desire for further improvements were a common issue raised by all the newspapermen at yesterday's meeting.

Jin Binghua, member of the municipal CPC committee standing committee and director of the municipal CPC committee propaganda department, presided over yesterday's meeting and laid down a plan for Shanghai media's propaganda work for the first quarter of this year.

#### **Huang Ju Addresses Shanghai Party Committee Meeting**

*OW2601124095 Shanghai People's Radio Network in Mandarin 2300 GMT 13 Jan 95*

[From the "990 Morning News" program]

[FBIS Translated Text] Huang Ju, secretary of the Shanghai municipal party committee and mayor of Shanghai, presided over the enlarged meeting of the municipal party committee standing committee and delivered an important speech yesterday.

Huang Ju reported on the current economic situation; made plans for the Spring Festival; and urged Shanghai cadres on various fronts to better understand the situation, care for the masses, and do a solid job to let Shanghai people enjoy a quiet, peaceful, clean, and unwasteful Spring Festival. Comrade Huang Ju pointed out in his speech: Shanghai's plan for the next three years and goals of this year's work have been specified. We must earnestly carry out these plans. He urged leading cadres at all levels to better understand the situation, exert themselves, overcome difficulties, and do a solid job to solve new economic problems that have emerged in the new situation. He also urged leading cadres to strive to maintain Shanghai's favorable momentum for reform, opening up, and economic construction and to bring about a good beginning for the work this year and for the next three years.

Speaking on the current economic work that is part of the overall plan for this year's work, Huang Ju emphatically said: We must encourage enterprises to adapt to the changes that have emerged in the new situation and strive to improve product quality and economic efficiency. We must be resolute in adjusting the structure and upgrade the level of exports, quicken the pace of developing a diversified market, continue to improve the investment environment, further open up to the outside world, enhance Shanghai's capability in dealing with economic changes, and strengthen Shanghai's competitiveness in the world market.

Speaking of the approaching Spring Festival that is our people's traditional holiday, Huang Ju urged departments and units at all levels to do their best to guarantee that Shanghai people will have a happy, peaceful, clean, and unwasteful festival. Huang Ju said: In these years, the Shanghai residents's overall living standards have improved. However, some residents live under poor

conditions. We must launch charity activities to help poor people. Departments and units of all levels must care and make plans for retired cadres, laid-off workers, and poor workers. Before the Spring Festival, we must provide timely help and solve practical problems for people in need—poor residents, poor and solitary old people, disabled servicemen, family members of revolutionary martyrs and servicemen, and retired workers. As to people who are waiting to move into new housing areas, [words indistinct]. We must improve residents' living conditions. We must carry out the fine tradition of helping others and motivate people from all walks of life to help poor people through various channels and activities. In this way, the masses of people will be able to feel the government's concern and the genuine interpersonal affection of a socialist country. We must continue to set up a charity system to regularize and popularize charity activities. To reach the goal, cadres must change their work style. Comrade Huang Ju urged cadres at all levels in Shanghai to go down to grass-roots units; immerse themselves among the masses; and carry out their duties carefully, honestly, and efficiently. During the Spring Festival, cadres must reduce routine and social activities and shift their attention to various charity activities, production, and safety. They must be strictly self-disciplined, frugal, and opposed to extravagance and waste to promote the fine social habit of diligence.

#### **Shanghai's Chen Zhili on Need for Ideological Work**

OW2601043495 *Shanghai JIEFANG RIBAO* in Chinese  
12 Jan 95 p 1

[By reporter Peng Xin (1756 2450): "The Further the Socialist Market Economy Develops, the More It Is Necessary To Intensify and Improve Ideological and Political Work—Shanghai Institute of Ideological and Political Work Marks 10th Founding Anniversary"]

[FBIS Translated Text] The Shanghai Institute of Ideological and Political Work [SIIPW] marked its 10th founding anniversary and held its sixth annual convention yesterday. Leaders of the Shanghai Municipal CPC Committee; the institute's advisers, president, and vice presidents; and representatives of the institute's group members and special guests, totalling more than 400 people, attended the meeting. The meeting received a warm greeting letter from the China Institute of Workers' Ideological and Political Work.

Over the past decade, under the care and support of the municipal party committee and guided by Deng Xiaoping's theory of building socialism with Chinese characteristics, the SIIPW has achieved unity between theory and reality by merging traditions with developments and innovations, and it has strived to create a new situation for studying ideological and political work. During the decade, 39 enterprises were honored as "outstanding enterprises in doing ideological and political work in the country"; 25 comrades were honored as "outstanding

ideological and political enterprise workers in the country"; 31 articles of ideological and political work were honored as "outstanding dissertations"; and institutes of ideological and political work in 25 units were awarded for their fine performance.

In her speech, Comrade Chen Zhili noted: We should now regard Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics as the basic guide for ideological and political work and research; and we should consider it the basic task of ideological and political work to improve people's qualities and educate them to become knowledgeable, to become people who have a high sense of ethics and discipline, and who have lofty ideals. Chen Zhili said: Deng Xiaoping's theory of building socialism with Chinese characteristics is Marxism for contemporary China, it has inherited and developed Mao Zedong Thought, and it is the basic guide for doing ideological and political work. Studying Deng Xiaoping's theory and arming all party members with it is a strategic assignment. Studying and applying the theory are basic training and the basic requirement for all leading cadres. She stressed: In this great era of historic changes, one great responsibility for all party organizations is to promote theoretical study, reeducate [chong xin jiao yu 6850 2450 2403 5148] cadres, and educate the working class.

Chen Zhili pointed out: Ideological and political work should serve the general mission of the whole party and whole country—namely "seizing the opportunity to deepen reform, open up wider to the outside world, expedite development, and maintain stability"; and it should correctly handle the relationship among reform, development, and stability. We should seize the opportunity, be determined to innovate, and perfect the mechanisms for conducting ideological and political work while replacing operating mechanisms and establishing a modern business system. Chen Zhili urged party committees at all levels to attach importance to the institute's work as they would ideological and political work, place the plan of intensifying and improving the institute's work on their agendas, and give the institute the support and guidance it needs to carry out its work.

At the meeting, Jin Binghua, member of the municipal party committee standing committee, head of the municipal party committee propaganda department, and president of the municipal institute of ideological and political work, delivered a work report entitled: "Earnestly Sum Up Experiences, Build Ourselves Up, and Upgrade Ideological and Political Work Research." He pointed out: "The further reform and opening up move forward and the further the socialist market economy develops, the more it is necessary to intensify and improve ideological and political work, and to attach great importance to its research. We should arm the whole party with Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and educate the people. We should consider it a constant research topic to improve

the people's quality and educate them to become knowledgeable people with a high sense of ethics and discipline, and lofty ideals. We should intensify ideological and political work research under the conditions of a socialist market economy, build a stronger contingent of ideological and political workers and a stronger institute of ideological and political work, inherit and develop traditions, bring forth new ideas, and make new contributions to intensifying and improving ideological and political work research during the new period.

During the meeting, the Shanghai Electrical Motor Plant and other units exchanged views on intensifying and improving ideological and political work under the new situation. The meeting adopted the "Charter of the Shanghai Institute of Ideological and Political Work" and the namelist of the institute's new leading members. Jin Binghua and Yin Jizuo respectively, serve as the institute's president and executive vice president. The meeting also presented awards to the institute's outstanding workers.

Yin Jizuo chaired the meeting. Chen Yi, Zhao Dingyu, Wang Ronghua, Meng Qingling, Ren Huidian, and others attended the meeting.

#### **Shanghai's Municipal Construction Up 31.7%**

OW 2501151195 Beijing XINHUA in English 1328  
GMT 25 Jan 95

[FBIS Transcribed Text] Shanghai, January 25 (XINHUA)—Shanghai poured a record 22.34 billion yuan into municipal basic construction last year, an increase of 31.7 percent from the previous year.

Because of the massive amount of funds, construction in the city has seen a number of breakthroughs, officials said. Several projects which will markedly alleviate the city's transportation pressure, including a 48-km long inner ring road and a subway, were put into operation. The renovation of the downtown People's Square, the construction of the Oriental Star television tower, and the improvement of several major commercial zones have brought about great changes to the face of the city.

The city's public facilities have also been improved a great deal, with eight new bus lines, another 953 buses and 4,900 taxis added, a five percent increase in running water, and the addition of 300,040 new users of cooking gas. Pollution and sewage treatment have also improved significantly.

Officials said that Shanghai will go on improving urban construction and renovation and pay more attention to improvements at the managerial level and in the environment.

#### **Shanghai To Invest \$444 Million in High-Tech**

OW 2501140995 Beijing XINHUA in English 0848  
GMT 25 Jan 95

[FBIS Transcribed Text] Shanghai, January 25 (XINHUA)—This, China's leading industrial city will invest a

total of 3.5 billion yuan (about 414 million US dollars) in 50 high-tech industrial programs this year, according to the Shanghai Municipal Science and Technology Development Committee.

The programs are expected to produce an annual output value of 63 billion yuan (about 7.45 billion U.S. dollars) after they go into official operation.

The 50 programs cover a wide range—from modern communications, computers and computer software, modern biological technology, micro-electronics, new materials, lasers and robots to nuclear technology.

Shanghai has achieved great progress in its high-tech development over the past 10 years. More than 400 high-tech industrial enterprises there turn out a total of 35 billion yuan-worth of technology products.

The metropolis has worked out a blueprint for its high-tech industry development during the coming three years. By 1997 the city will have increased its annual high-tech industry output volume up to 10 percent of its total industrial output volume, from five percent in 1994.

#### **Central-South Region**

##### **Guangdong Governor Speaks on Improving Economy**

HK2601093395 Guangzhou Guangdong People's Radio Network in Mandarin 0400 GMT 24 Jan 95

[FBIS Translated Text] At a provincial government plenary session yesterday, Governor Zhu Senlin pointed out: This year, the provincial government has decided to concentrate on improving quality and efficiency, and to extensively and profoundly conduct a quality and efficiency year endeavor. Among those present at the session were Vice Governors Lu Ruihua, Liu Weiming, Lu Zhonghe, Zhang Gaoli, Li Lanfang, Ou Guangyuan, and Zhong Qiquan, as well as leaders of provincial commissions, offices, departments, and bureaus.

At the session, Zhu Senlin gave an important speech entitled: "Profoundly Conducting a Quality and Efficiency Year Endeavor so as To Bring About Sustained, Rapid, and Healthy Economic Development in Guangdong." Zhu Senlin pointed out the need to make efforts in the following six aspects: 1) Adjusting the economic structure and optimizing the industrial structure, the product mix, and enterprises' organizational structure; 2) Deepening enterprise reform, establishing a modern enterprise system, strengthening enterprise management, and comprehensively improving enterprise quality; 3) Urging all trades and undertakings to make technological progress, to accelerate their technical transformation, and to update their products; 4) Establishing and improving the fund-pooling mechanism, and forming a good cycle of loans; 5) Effectively strengthening enterprise leading groups, and training fine entrepreneurs; and 6) Earnestly transforming government

functions, improving macroeconomic regulation and control, serving the grass roots, and improving economic results by enhancing administrative efficiency.

In conclusion, Zhu Senlin said: Quality and efficiency are not simply important issues for economic departments; noneconomic departments also must improve their work quality and efficiency, and contribute to improving the quality and efficiency of economic growth throughout the province. Zhu hoped that all localities, departments, and enterprises would adhere to a practical and pragmatic work style, and would proceed with their work in a down-to-earth manner so that Guangdong will make new headway in improving the quality and efficiency of its economy, and will materialize a fine cycle of rapid and

### Guangxi Leaders Discuss Report With Congress Deputies

*HK2601105795 Nanning Guangxi People's Radio Network in Mandarin 1130 GMT 17 Jan 95*

[FBIS Translated Excerpt] On the morning of 17 January, regional leaders including Zhao Fulin, secretary of the regional party committee; Cheng Kejie, deputy secretary of the regional party committee and chairman of the regional government; and Ding Tingmo and Ma Qingsheng, deputy secretaries of the regional party committee; met the deputies to the Third Session of the Eighth Guangxi Regional People's Congress and discussed the regional government work report with them.

Comrade Zhao Fulin went to the Nanning deputies' delegation and held discussions with them, during which he said: The report's analysis of Guangxi's 1994 work, reform, opening up, and economic development conforms with the facts. The target for endeavor in 1995 set by the report also complies with the spirit of the Fourth Plenary Session of the 14th CPC Central Committee. In 1994, we overcame the difficulties caused by extraordinarily serious floods. The masses had food to eat, clothes to wear, and houses to live in. In addition, production was restored promptly. This was the result of hard work by the cadres and masses. The year 1995 is one of hope. We will fulfill the following: 1) Educational, scientific, and technological work; 2) Construction of the southwest passageway; 3) Opening up to the world, introducing foreign capital, and training skilled personnel; and 4) Unifying leadership at all levels, and strengthening their confidence. We are determined to achieve these objectives.

Regional Chairman Cheng Kejie went to the Yulin Prefectural deputies' delegation and listened to their views on the regional government work report. Cheng Kejie said: Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics is the guiding principle for our work. Over the last few years, we have persisted in reform and opening up, and have firmly seized opportunities. As a result, our construction has proceeded more rapidly. We also have overcome serious natural disasters. Cheng also talked about Guangxi's

plan for developing transportation and energy facilities, and its readiness to develop town and township enterprises. [passage omitted]

### Hainan Leaders Attend Seminar on Market Economy

*HK2501103095 Haikou Hainan People's Radio Network in Mandarin 2300 GMT 23 Jan 95*

[FBIS Translated Excerpt] The 23d of January saw the opening of Hainan's 1995 theoretical seminar, during which Hainan cadres from all levels discussed ways to expedite the development of the market economy. Present at the seminar were provincial leaders, including Ruan Chongwu, Du Qinglin, Yao Wenxu, Wang Xiaofeng, Chen Yuyi, Wang Houhong, Cai Changsong, Wang Xueping, Pan Qiongxiong, Wei Zefang, and Chen Hong. [passage omitted]

Du Qinglin, Wang Xiaofeng, Chen Yuyi, Wang Houhong, Cai Changsong, and Lin Mingyu made speeches on special topics at yesterday's seminar.

In his speech, entitled "Forming a New Development Pattern for Hainan," Du Qinglin [chairman of the provincial people's congress] said: To create new strong points, Hainan must develop from partial to overall openness, and from regional openness to openness of an industrial nature, so as to increase the impetus of openness.

In his speech, entitled "A Correct Development Trend of Enterprise Reform," Wang Xiaofeng [deputy secretary of the provincial party committee] pointed out the need to adapt oneself to the demands of the market economy, to formulate enterprise policies that are in line with the market economy, and to establish a modern enterprise system. [passage omitted]

### Hubei Leader Speaks on Supply, Marketing Work

*HK2601103495 Wuhan Hubei People's Radio Network in Mandarin 1000 GMT 17 Jan 95*

[FBIS Translated Excerpt] A provincial supply and marketing work meeting concluded yesterday. The meeting demanded: Staff members and workers of supply and marketing departments in the province must deepen reform and invigorate state-owned enterprises, improve the quality and efficiency of economic growth, and stimulate Hubei's economic development to a new height. Secretary and Governor Jia Zhijie, as well as Vice Governors Li Daqiang and Meng Qingping, attended and addressed the meeting.

Jia Zhijie pointed out: In 1994, Hubei's economic indexes were higher than the country's average for the first time in nine years. This indicates a major change in Hubei's economy. In 1995, the province faces quite a grim economic situation, and supply and marketing work also will be arduous. However, as long as we conscientiously carry out the policies and principles of the central authorities in light of Hubei's specific conditions, we still will make great progress in our economy.

this year. In 1995, apart from curbing inflation and supporting agriculture, which constitute two major tasks, we must regard the invigoration of state-owned enterprises as an important job to be properly fulfilled. Whether state-owned enterprises can be developed and invigorated has an important bearing on Hubei's economic lifeblood and foundation. All forces in the province must be mobilized to invigorate state-owned enterprises, like mobilizing all forces for large-scale agricultural development at present, so as to set off an upsurge of invigorating state-owned enterprises. We must make up our minds to propel a large number of enterprises forward. Generally speaking, the invigoration of state-owned enterprises relies on reform, with the introduction of social insurance. Specifically speaking, first, there must be good factory directors; second, there must be a good mechanism, which means the establishment of a modern enterprise system; third, there must be good products; fourth, there must be good management; fifth, there must be a good contingent; and sixth, there must be a good environment and conditions for enterprises.

Jia Zhijie continued: This year industrial enterprises also must make a breakthrough in forming large enterprise groups, and must break away from the bind of conventions, and from regional and trade restrictions. Jia Zhijie asked all supply and marketing departments in all localities to maintain and develop their good style of being practical and pragmatic, and to seize opportunities early, firmly, and solidly.

The meeting set the work targets for this year as follows: Industrial enterprises at the township level and above must increase their gross output value by 13 percent over last year, and strive for 15 percent; their production and marketing rate must reach 96 percent; industrial enterprises at the county level and above must fulfill the targets of a 12 percent increase in tax payments and a 10 percent increase in profits; and the number of loss-incurring enterprises must be reduced by 5 percent or more. [passage omitted]

#### Hubei Releases 1994 Statistics

HK2501121195 Wuhan Hubei People's Radio Network in Mandarin 1000 GMT 20 Jan 95

[FBIS Translated Text] According to the latest information released by the provincial statistics bureau yesterday, the province's gross domestic product in 1994 amounted 182 billion yuan, an increase of 15.2 percent over the previous year, calculated in comparable prices, which is higher than the national average for the first time since 1986. In 1994, Hubei's economic operation showed a trend of stable growth between gross supply and gross demand. In comparison with the large-scale fluctuations years ago, this was fast amid stability, and indicates a new period in Hunan's economic development.

This finds expression in the following six aspects: Further development of the rural economy; an overall

increase in grain, cotton, and oil production; a rapid growth in industrial production and a notable improvement in its economic results; a rapid increase in investment; greater impetus in infrastructural investment; and an adequate market supply, with brisk sales amid stability.

The reforms of the financial, monetary, foreign trade, and foreign exchange systems proceeded smoothly, with deposits exceeding loans for the first time. Last year was one of the best years for foreign trade and exports, and urban and rural people's incomes increased notably.

There are also problems in the province's economic operation, which manifest themselves as follows: Excessive price hikes; the position of agriculture, as the foundation of the national economy, being weak; state-owned enterprises still facing difficulties in their production and operation; economic development and social distribution being imbalanced.

#### Hunan Leaders Hold Spring Festival Forum for Military

HK2501120995 Changsha Hunan People's Radio Network in Mandarin 2300 GMT 20 Jan 95

[FBIS Translated Excerpt] Yesterday [20 January], the provincial party committee and government held a spring festival forum for government and military personnel in order to strengthen the unity between the government and the military. Wang Maolin, secretary of the provincial party committee, presided over the forum. Comrade Yang Zhengwu, deputy secretary of the provincial party committee and acting governor of the province, spoke at the forum. On behalf of the provincial party committee and government, he expressed spring festival greetings to officers and men of the People's Liberation Army [PLA] and the People's Armed Police [PAP] stationed in Hunan, as well as to soldiers' and martyrs' families, disabled revolutionary soldiers, demobilized soldiers, and retired military cadres.

Comrade Yang Zhengwu said: In the past year, PLA and PAP units stationed in Hunan have set strict demands on themselves, done their work in a down-to-earth manner, and made great achievements in strengthening themselves. They have done a great deal of effective work in supporting localities' spiritual and material civilizations, and in preserving social stability. [words indistinct]

Pang Weiqiang, member of the standing committee of the provincial party committee and commander of the provincial military district, addressed the forum, saying: In this new historical period—and under the leadership of the provincial party committee, the provincial government, and the higher military authorities—the armed forces have conscientiously implemented Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, and Central Military Commission Chairman Jiang

Zemin's relevant instructions, and have worked hard to fulfill military training plans and other tasks, thus providing a powerful guarantee for reform, opening up, and modernization, and making contributions to the fulfillment of the Eighth Five-Year Plan. [passage omitted]

### Hunan Secretary on Fulfilling Tasks Before Festival

*HK2601011495 Changsha Hunan People's Radio Network in Mandarin 2300 GMT 23 Jan 95*

[FBIS Translated Text] Yesterday afternoon [23 January], the provincial party committee called a meeting of cadres in charge of departments, commissions, and offices at the prefectural, city, and autonomous prefectural levels, and directly under the provincial authorities, to arrange for the present work and to urge various localities to conscientiously accomplish all types of work in the first quarter of this year with a view to achieving early results.

Comrade Wang Maolin, secretary of the provincial party committee, made an important speech at the meeting, saying: As the year draws to a close, there is much work to do. While organizing and guiding the masses to spend a joyful, auspicious, honest, and frugal spring festival, we must pay close attention to the overall situation throughout the party's work, and must conscientiously accomplish the work in four aspects. First, we must pay attention to production at present, with a view to achieving early results. At present, everyone—from the leaders to the rank and file—must attach importance to the favorable opportunity in which agriculture is booming, farm produce is on the rise, and peasants are enthusiastic about production, and must organize vast numbers of peasants to make all sorts of preparations for farming. We must pay close attention to industrial production and commerce, and to finance and taxation work. We must guard against any extravagance or waste during the spring festival, prohibit people from using public funds to entertain guests and give gifts to others, drastically curtail meetings and off-duty activities, and put a stop to practices that squander money and manpower.

Second, we must care for the livelihood of the masses. Party and government leaders at all levels must always bear in mind the well-being of the masses. For workers and staff of enterprises running in extreme difficulties, it is necessary to resolutely implement relevant policies and regulations laid by the central authorities, and by the provincial party committee and the provincial government, and to make proper arrangements for their livelihood. Efforts still should be made to adopt the method of granting financial subsidies and extending Industrial and Commercial Bank loans to ensure that workers and staff of such enterprises will receive on time their monthly pay for basic living expenses.

Third, we must organize festival market supplies well, and must impose stricter price control. Party and government leaders at and above the county level must be

personally responsible for this work, and must take resolute and effective measures to bring price increases under control and to ensure stable prices before and after the spring festival.

Fourth, we must continue to make efforts to accomplish the work for social stability. As labor mobility, commodity circulation, and capital flow are faster in the period before and after the spring festival, party and government leaders at all levels must bear in mind their responsibility for preserving social order, and must severely and promptly crack down on all kinds of law-breaking and criminal activities. In particular, urban and rural areas must act together to deal a telling blow to all types of local hooligans, highway bandits, and gangs so as to ensure social stability during the spring festival. Safety inspections of organs, departments, and cultural and entertainment venues must be intensified, and protective systems must be perfected in order to prevent the outbreak of major fires or burglaries.

Comrade Wang Maolin also made some important remarks on how to ensure the satisfactory convocation of the third session of the eighth provincial people's congress and of the third session of the Seventh Provincial Committee of the Chinese People's Political Consultative Conference [CPPCC].

Comrade Yang Zhengwu, deputy secretary of the provincial party committee and acting governor, also addressed the meeting. He stressed that as far as current economic work is concerned, the following three tasks must be fulfilled: Conscientiously accomplishing the work on prices; strengthening financial work; and resolutely fulfilling the task of winter storage of means of agricultural production.

Liu Fusheng, chairman of the provincial people's congress standing committee, and Liu Zheng, chairman of the CPPCC provincial committee, also addressed the meeting. Chu Bo, deputy secretary of the provincial party committee, and Luo Haifan, Hu Biao, Wu Xiangdong, Wang Keying, Wen Xuande, and Qin Guangrong, members of the provincial party committee's standing committee, attended the meeting.

### Southwest Region

#### Sichuan Secretary Visits Aba Autonomous Prefecture

*HK2601105595 Chengdu Sichuan People's Radio Network in Mandarin 2300 GMT 23 Jan 95*

[FBIS Translated Excerpt] Provincial party Secretary Xie Shijie and his party went to Aba Zang-Jiang Autonomous Prefecture a few days ago to call on the masses and to extend greetings to officers and men and to the armed police there. [passage omitted]

Over 700,000 people of such nationalities as Zang, Jiang, Hui, Han, and Mongol live on land covering an area of more than 80,000 square km. Stability and development

of the nationality area has a direct bearing on Sichuan's economic development, reform, and [words indistinct], and on the unity of various nationalities and economic prosperity throughout the area. [passage omitted]

As the spring festival is approaching, Secretary Xie went to such counties as (Chuanmin), Lixian, Maerkang, Hongyuan, (Dongtan), and Nanping to visit barracks, factories, and villages. He brought warmth amid the bitter cold, and conveyed his deep love to people there from afar.

Secretary Xie Shijie and his party trod an enthusiastic path, and went there after crossing mountain after mountain to call on compatriots of various nationalities who were vigorously engaging in agricultural production, including people of the Zang, Jiang, Hui, and Han nationalities, and to repeatedly propagate the idea of nationality coexistence. He explicitly pointed out: Strengthening the unity of various nationalities is the major issue in speeding up the economic development of Aba Autonomous Prefecture. Minority nationalities and the Han, Zang, and Jiang nationalities are inseparably linked to each other. Only when the unity of nationalities has been strengthened can we seize the opportunity to accelerate development and score brilliant achievements.

Comrade Xie Shijie wished for the cadres and masses of Aba Autonomous Prefecture to emancipate their mind, transform their thinking, seize opportunities, open themselves up with an enlightened mind, promote development through opening up, and transform their advantages in resources into commodities. In conclusion, he wished them economic superiority, thus making Aba Autonomous Prefecture a thriving area.

#### \*State Council Researcher on Sichuan Economic Growth

95CE0184: Beijing GUANLI SHIJIE /MANAGEMENT WORLD/ in Chinese No 5, 24 Sep 94 pp 1-2

[Article by Sun Shangqing (1327 1424 3237): "Some Views on Speeding Up Sichuan's Economic Development and International Cooperation"]

[FBIS Translated Text] The reform and opening-up program carried out for 15 years has not only helped China's economic system undergo rapid development towards a socialist market economy, but also brought about sustained, rapid, and healthy development of the national economy. China maintained an economic growth rate of approximately 9 percent in the eighties. In sharp contrast with the sluggish economy in Western countries, China's economy has maintained a growth rate of 12-13 percent for three years running since the beginning of the nineties. As everyone knows, a high growth rate means more investment opportunities and much larger potential investment returns.

While China's economy is developing continuously, rapidly, and healthily, the Chinese government has also duly

adopted some macroeconomic measures in dealing with some of the contradictions and problems accompanying our advance and development. In order to fundamentally solve these problems, it announced at the beginning of this year some important measures to reform the financial, taxation, foreign exchange, and banking systems. Our economic situation shows that the Chinese government has basically attained the expected results in carrying out reform and exercising macroeconomic regulation and control.

—Sustained and rapid economic growth. The total industrial output value at and above the township level rose 18.8 percent in the first half of 1994. The output and harvest of summer crops during this period was about the same level as last year. The 1994 GNP growth rate is expected to be approximately 11 percent.

—Stable financial situation and steady withdrawal of currency from circulation. During the first half of 1994, a total of 8.3 billion yuan of currency were withdrawn from circulation. The total amount of currency in circulation during that period was 61 billion yuan less than the same period last year. The total amount of saving deposits in this period rose by 314.6 billion yuan. The issuance of treasury bonds was completed as planned.

—Steady growth in state revenue. With the taxation system undergoing major reform, China maintained a 22.6 percent growth rate in state revenue for the first six months of 1994. The balance between revenues and expenditures showed a surplus of 600 million yuan.

—Exports rapidly expanded. The current accounts balance deficit shrank, while the foreign exchange rate remained stable. The tight money policy also checked the excessively high demands for imports. During the first half of 1994, exports grew 30.2 percent, while imports increased 21 percent. Meanwhile, the reform of the foreign exchange system went on smoothly. China's foreign exchange reserve grew, and the renminbi exchange rate remained stable.

—Commodity prices dropped to a certain extent. There were excessively sharp price increases at the end of 1993 and in the beginning of 1994. In order to solve this problem, governments at various levels adopted several measures. Right now, the trend of runaway inflation has been basically curbed. The rate of inflation began to decline in April, but it is still too high.

From the aforementioned facts, we can see that the prospects in China's economic development are bright. Some specialists believe that the focal point of world economic growth is in the Asia-Pacific region, while the center of growth in the Asia-Pacific region is in the Southeast Asia and the center of growth of East Asia is in China. The population in Sichuan accounts for 10 percent of China's total population. Therefore, one of the centers in China for high economic growth is Sichuan.

Furthermore, we still need to particularly stress the following three points:

1. Following the announcement of major reform measures in all aspects this year, China's socialist market economic system will be further improved, the role of the market in allocating resources further strengthened, and the tempo in building a legal system which is compatible with the market economy further accelerated.
2. China will soon re-enter GATT, the Chinese government and the relevant departments are trying hard to handle economic affairs with foreign countries in accordance with the international practice.
3. After the UN Conference on "Environment and Development" held in Brazil, China is the first in the world to work out an "Agenda for the 21st Century" aimed at achieving coordinated developments on population, economy, resources, and environment. This is conducive to furthering China's economic development and ensuring the quality of the environment. China's overall investment climate is continuously improving. Here, we would like to express some our views on Sichuan's economic development and its plan to cooperate with the outside world in trading.

#### **I. Significant Meaning of Hatening Sichuan's Economic Development and Achieving International Cooperation**

Understanding the significance of developing Sichuan's economy from a strategic point of view and developing international cooperation are major issues which involve China's economic development and layout. Right now, Sichuan plays the role of an economic center in Southwest China. However, from a long-term point of view, it will inevitably become a collection and distribution center in Southwest China for materials destined for China's western region with the development of the transportation and telecommunication in Western China and for the enhancement of Sichuan's economic development. To pick up the tempo of Sichuan's economic development and strengthen international cooperation is conducive to developing the western part of China and promoting the sustained, steady, and coordinated development of the national economy. Sichuan should become a major stronghold in further developing China's western region and a new center for economic growth.

#### **II. Opportunities and Advantages in Developing Sichuan's Economy**

As seen from the overall economic development in the country and changes in the pattern of the opening-up program, Sichuan's main opportunities and advantages in developing its economy at the present stage can be characterized as follows:

First, improvement of the industrial structure in the coastal developed areas in China and China's prospects for returning to GATT give Sichuan a good opportunity

to fully use its labor force and develop its economy. After China implemented the reform and opening-up program, wages soared in the coastal areas in Southeast China, particularly in the Pearl River Delta and the Yangtze River Delta. Industries in these areas have tended to become relatively technology- and capital-intensive, while labor-intensive industries in these districts plan to move out. The restoration of China's membership in GATT will be conducive to producing and exporting China's labor-intensive products which are of great comparative advantage to our nation. There are more than 70 million laborers in Sichuan, including 30 million rural surplus laborers. Sichuan's absolute scale in manpower of different cultural background ranks top in the nation. Moreover, after working outside for three to five years, several million migrant workers may bring back money, technology, and experience to build their home towns.

Second, further opening China's markets to the outside helps Sichuan to use its large market to attract foreign investment and develop its economy. This will also attract foreign businesses, particularly large transnational corporations, which want to increase their investments in China. Sichuan's total society-wide retail sales ranks fourth in the country. It ranks at the top if the potential of its population is taken into consideration. Sichuan has improved its transportation facilities to have easy access to China's central and western regions and markets in Southeast, South, and West Asia, and the Commonwealth of Independent States and Eastern Europe.

Third, rearranging the division of labor in some industrial regions in China also helps Sichuan rely on its large amount of inventory and resources to develop new industries in high technology. In face of increasing competition on the world market, some of industries in China's developed regions may lose their edge and some trades may have to make further arrangements for the division of labor. Sichuan was the center for the development of industries on the "third line" between the sixties and seventies. With the development of the reform and opening-up program, Sichuan has built a relative solid foundation from scientific research to production. It is a major base area for research and development. In addition, Sichuan and its inland areas are rich in natural resources. It has great potential. Therefore, Rearranging the division of labor in some of industries in China, particularly in areas where new and rising industries are located will provide Sichuan with an excellent opportunity to develop new and expanding industries, particularly those in high technology.

#### **III. Several Noteworthy Issues in Accelerating Sichuan's Economic Development**

In order to seize the opportunity to turn Sichuan into a dragon head in the development of China's western region, we should pay attention to the following measures: 1) We should use various forms, including BOT, to attract foreign investments to speed up construction and

develop infrastructural facilities. In addition to those projects which have already been started according to the "Eighth 5-Year Plan," we should pay attention from a strategic point of view to energetically building railways from Da County to Chongqing, from Da County to Wan County, and from Chengdu to Xining and a second railway between Sichuan and Guizhou. We should work out a plan to build the Chongqing-Chengdu high-speed railway, construct the Chengdu and Chongqing international airports as soon as possible, and vigorously develop the air transportation industry. 2) Bringing into full play our superiority, we must organize financial groups and coordinate with foreign investors to develop industries with the ability to compete with others on the international market, particularly the metallurgy, machine-building, automobile, electronics, chemical, textile, foodstuff, banking, and information industries. In order to improve the overall distribution of securities markets throughout the country and help them develop properly, we should study the feasibility of setting up a regional stock exchange in the Chengdu-Chongqing area. 3) We should make full use of all resources, including Chinese students studying abroad, to expand exports to Hong Kong, Japan, Europe, and the United States. Meanwhile, we should fully display our economic and technical advantages; make use of the economic coordination commission in seven aspects for Southwest China's five provinces and the Eurasia bridge and the inland border regions to open export markets to Southeast, South, and West Asia, and the Commonwealth of Independent States and East Europe, and to export more mechanical and electric products; and strive to diversify export markets and the trading business. 4) Sichuan is a vast province in which conditions and standards for economic developments differ widely in various localities. In terms of geographical location, we must avoid developing projects all over the province just like the "heavenly maids scattering blossoms or sprinkling food with ground pepper." We must emphasize developing the "one circle and two zones"—the Chengdu-Chongqing economic circle, the joint development of the Panxi-Panshui zone in coordination with Yunnan and Guizhou provinces, and development of the Three-Gorges economic zone with Hubei. 5) We must further energetically develop township enterprises, actively build small cities and townships and rural market towns, and stimulate the rural economy to hire more local rural laborers and reduce the pressure on large cities.

#### Tibet Achieves 'All-Round' Economic Growth in '94

OW260108195 Beijing XINHUA in English 0824  
GMT 26 Jan 95

[FBIS Transcribed Text] Lhasa, January 26 (XINHUA)—The Tibet Autonomous Region achieved all-round economic growth in 1994, as a result of the country's continued reform and opening up to the outside world, according to the regional government.

The latest official statistics showed that Tibet's gross domestic product—the value of goods and services produced—amounted to 4.17 billion yuan last year, up 8.6 percent over the previous year.

The per-capita annual income of Tibetan farmers and herdsmen rose 6.5 percent in 1994 to 555 yuan.

Local farmers reaped a good harvest last year by overcoming the effects of drought, and snow and hail storms, a local official noted.

The region's agricultural output value reached 2.33 billion yuan in 1994, up 5.4 percent, he said, adding that its grain output rose 3.2 percent to 640,000 tons.

The official attributed the good harvest to more government investment in the farming and livestock sectors, construction of pastures and water conservation projects, more land devoted to cash crops and the growth of rural industries.

Tibet's industrial output value is expected to shoot up 12 percent in 1994 to 535 million yuan, as a result of improved management and the readjustment of the product mix, he said.

Some 1.44 million tons of goods were shipped into and out of Tibet last year, six percent more than in 1993.

A new air route between this regional capital and the major city of Chongqing in the neighboring Sichuan Province opened last year.

Roads linking Tibet to neighboring Qinghai and Sichuan Provinces and Nepal are being upgraded, the official said.

Work has started on 27 of the 62 projects in Tibet to be undertaken with aid from other parts of China, he said, adding that 326 million yuan had been spent on the 27 projects by the end of 1994.

"Tibet has made noticeable progress in trade with the rest of the world over the past year," he noted.

The region handled imports and exports totalling 375 million U.S. dollars last year, 3.5 times the amount in 1993, he said.

Tibet was visited by 28,000 overseas tourists last year, nearly 13 percent more than in 1993, he said, adding that this helped the region earn 22 million yuan in net profits, up nearly 60 percent.

Tibet's other economic achievements in 1994 were:

- Tax revenues climbed 18 percent to 259 million yuan;
- Savings deposits amounted to 4.48 billion yuan at the year end; and
- Retail sales rose nearly 15 percent to 2.25 billion yuan.

#### North Region

##### Beijing's Electronics Industry Up 43 Percent

OW2501151295 Beijing XINHUA in English 1321  
GMT 25 Jan 95

[FBIS Transcribed Text] Beijing, January 25 (XINHUA/OANA)—The total value of the municipality's electronics industry's products last year increased by 42

percent over 1993, information released from a recent meeting on the industry said.

Goods amounted to 13 billion yuan, making up ten percent of Beijing's total industrial output value. Income from sales of electronics products was ten billion yuan, with the ratio of sales to production reaching 99.2 percent.

According to the information, the output of major electronics products recorded a marked increase. Color television sets, for example, scored a 23 percent rise in output.

The municipal government has attached great importance to the development of new electronics products. Fifteen key projects in this field have gone into operation over the past year.

The city's electronics industry is the second largest pillar industry. Local officials say that its total output is expected to reach 15 billion yuan this year, with a profit of 1.5 billion yuan.

The export value of electronics deals stood at 107 million U.S. dollars, the information said, with registered capital for 16 jointly-funded projects reaching 84.9 million U.S. dollars in 1994, bringing in 130 million U.S. dollars in foreign funds.

#### **Disabled Group's Paper Under Investigation**

HK2401002895 Hong Kong LIEN HO PAO in Chinese  
8 Jan 95 p 2

[“Beijing special dispatch” by LIEN HO PAO mainland news center: “Beijing-Based XINSHENGHUO BAO Subjected to Scrutiny”]

[FBIS Translated Text] Two newspapers from outside the border—HSIEN TAI JIH PAO [Hong Kong Today] and the English-language HONGKONG STANDARD—were closed down and forced to cease printing in Beijing a few days ago because the CPC Central Committee tightened its propaganda policy. In addition, the mainland's own newspaper, the Beijing-based XINSHENGHUO BAO [New Life News], recently was subjected to scrutiny by the competent departments concerned because it operated in the name of the “Beijing Municipal Federation for the Disabled,” its recruitment system was illegal, and its management of financial accounts was confused.

As everyone knows, the Beijing Municipal Federation for the Disabled is an organ under the Chinese Federation for the Disabled, the president of which, Deng Pufang, is Deng Xiaoping's elder son. According to BEIJING QINGNIAN BAO, since it started making preparations for publication a year or so ago, XINSHENGHUO BAO, which operates in the name of the “Beijing Municipal Federation for the Disabled,” has not published its regular issues. However, last year during the Sixth Far East and South Asian Games, in the absence of any agreement with the Far East and South

Asian Games Organizing Committee and in order to expand its own influence and grab more advertisements, the newspaper itself decided to publish special issues of the Far East and South Asian Games.

Moreover, the newspaper's recruitment system was inadequately legal, and personnel changes were conducted in rotation. Consequently, many of those recruited had to leave because they could not get their pay after having worked, or were given too little pay. At the same time, the newspaper office's management of financial accounts was extremely confused. After this situation was reported to the Beijing Municipal Government, He Luli, vice mayor in charge of the municipality's cultural, educational, and public health work, attached great importance to the matter and personally wrote an instruction on the report, reading: “A federation for the disabled should run its newspaper legally.” She instructed “the Beijing Municipal Federation for the Disabled” to investigate and handle the matter promptly.

With the vice mayor's instructions in hand, Wang Zhidong, president of the “Beijing Municipal Federation for the Disabled” and others personally investigated the details of the case, and started closing and clearing the newspaper office's accounts. At present, the case is still under investigation and handling.

#### **Journal Views Moves To Curb Beijing Population**

HK2401024495 Beijing LIAOWANG in Chinese No 51,  
19 Dec 94 pp 8-9

[By staff reporter Zhou Daping (0719 1129 1627). “Reasons for Controversy Over City Accommodation Fees Collected by Beijing”]

[FBIS Translated Text] Over recent years, the collection of city accommodation fees is no longer a new thing. However, with its unique “new move” recently taken in the form of a local law to restrain cadres and college graduates who are not Beijing natives from working and residing in Beijing, China's capital city has made itself the country's first to evoke controversy over the collection of city accommodation fees.

On 22 November 1994, 21 days after the “Beijing Municipality Regulations on Collection of City Accommodation Fees” took effect and facing complaints from all sides, acting in line with the CPC Central Committee General Office instructions, the Beijing municipal government invited, for the first time, members of the National People's Congress [NPC] Standing Committee, as well as representatives of relevant Beijing-based central and government organs, ministries, and commissions, to discuss concrete issues concerning the implementation of the “Regulations.” However, due to the wide divergence of views over the issue between the invitees and Beijing authorities, the discussion broke up in discord. So far, there has been no trace of any detailed measures which prove acceptable to all sides on the implementation of the “Regulations.”

**"Beijing Is the Capital Not Only for Beijingers"**

Sun Jiaqi [1327 1367 7496], director of the Beijing Municipal Financial Bureau, offered an explanation the other day on the grounds of Beijing's move to collect city accommodation fees: The unduly fast expansion of Beijing's urban population in recent years has aggravated the imbalance between total demand and total supply in the city to a considerable extent; as a result, the municipal authorities have found it very difficult to make normal and rational allocations of its limited natural and social resources. Particularly since the city is not equipped with sufficient basic urban facilities to accommodate the needs of such a fast growing population in terms of water, electricity, gas, heating, highways, transportation, education, medical care, and housing. Beijing's economic construction has been hampered and Beijing residents have encountered many new difficulties in their everyday life. To effectively curb the growth of the migrant population in Beijing, it is necessary to adopt appropriate administrative means and supplementary economic measures. According to the stipulations in the "Regulations," Beijing can gain revenue totaling an estimated 200 to 300 million yuan each year from city accommodation fees and this sum of money will be earmarked for the construction of basic urban facilities under the unified management of the municipal government.

We should admit that it is a good idea that money is taken from the people and used to serve the people. However, is this idea logically sound? Some scholars quickly discovered that it is unlikely to attain both the goals of curbing population growth and increasing revenue from accommodation fees at the same time. In other words, if it successfully restrains people from migrating to and residing in Beijing, the city will have no way of collecting accommodation fees; conversely, if the city still gains from the accommodation fees, it means that its population is still growing.

An expert from the Ministry of Labor made the following analysis. Suppose the "Regulations" really can help the city check its population growth, what kind of people will be restrained from working and residing in Beijing? It has been explicitly stipulated in the "Trial Procedures Concerning Exemptions From City Accommodation Fees" Those who have registered permanent residence in Beijing and left Beijing for reasons of further education, conscription, and overseas studies will be exempted from city accommodation fees. From this we can see that, rather than successfully curbing the growth of the city's migrating population, the "Regulations" are simply playing the role of "denying" admission to those who are qualified to work and reside in Beijing. This is because people falling into this category, who are usually not well-off, will surely shrink back at the sight of the huge city accommodation fees which total tens of thousands of yuan.

Su Changqing [5685 7022 7230], head of the Students' Affairs Department of the Chinese People's University,

noted that Beijing is the capital not only for Beijingers. As the country's political, economic, and cultural center, Beijing needs large numbers of qualified personnel and professionals in all fields. The overall development of the city is inseparable from the contribution of able personnel from all parts of the country. Song Qusheng [1345 4428 3932], deputy head of the Chinese Academy of Sciences Personnel Department Deployment Section, has proved that two-thirds of the academy's staff on the current payroll come from other parts of the country and such people account for 90 percent of the academy's 500 to 600 new recruits each year.

According to a briefing given by the Beijing Municipal Bureau of Higher Education, nearly 20,000 college graduates from other parts of the country settle down or work in Beijing each year. Estimates show that the implementation of the "Regulations" will benefit Beijing-native college graduates, for they may face more employment choices, however, employer-units, as they have done through the years, have never placed graduate Beijing natives on the top of their best selection lists. Among the present backbone business executives of the Lianxiang Group Corporation, over 80 are holders of doctoral and master degrees from other parts of the country. The Shoudu Iron and Steel Corporation, which can be classed as a major recruiter of college graduates from outside Beijing, has gained the experience from its years of practice in using college graduates that those who have a solid academic foundation, work diligently, and enjoy a spirit of dedication are usually not natives of Beijing.

Having their eyes on "all corners of the land" and opening all avenues for people of talent is a primary principle followed by many Beijing-based key universities and colleges in their bid to enhance the quality of their teaching staff. According to Pei Zhaohong [5952 0340 1347], deputy head of the of the Qinghua University Personnel Department, the university is presently experiencing a peak period during which new teaching staff are replacing the old. At present, a major channel for the university to replenish new teachers each year is to select the outstanding from the graduates of the current session, mostly non-Beijing natives. For example, of the 270 graduates with bachelor and above degrees selected by the university this year, more than 220 are nonnatives.

At present, one of the key factors restricting the economic development of many localities is the shortage of able personnel. The number of college teachers is also declining due to poor pay and conditions. In the face of today's increasingly serious drain of young professionals, it is apparently an unwise move to set the control of population growth by economic means against the recruitment of outstanding talent.

**Negative Effects Which Might Be Caused by the "Regulations"**

In carrying out reforms in all fields without making comprehensive arrangements or taking into account the

interests of all sides, we will lose sight of one thing while attending to another and will unavoidably cause negative effects even out of good intentions. Prior to the adoption of "Stipulations on Strictly Restricting the Breeding of Pet Dogs" by the Beijing Municipal People's Congress Standing Committee on 30 November, an extensive discussion was launched by the municipal authorities throughout the city and a consensus was gradually reached among most citizens. By comparison, though discussions on the "Regulations of Beijing Municipality Concerning the Collection of City Accommodation Fees" took as long as two years, it is apparent that the municipal authorities have failed to secure close coordination of efforts from relevant sectors, thus missing the favorable opportunity for conducting deeper discussions on the scope and amount of the fee collection. This mistake has not only landed the authorities in the awkward situation of not knowing what to do at the very start of the implementation of the "Regulations" but also led to unnecessary contradictions between the "Regulations" and many policies currently in practice.

It has been learned that Tianjin and Shanghai were the first cities to collect city accommodation fees. In 1986 and 1987 respectively, the two cities began to collect fees from migrants for building additional basic urban facilities, which ranged from 20,000 to 50,000 yuan. Then the cities of Changsha and Shenzhen also adopted similar administrative measures. However, these cities all have something in common: Qualified personnel of all kinds, including college graduates, are exempt from accommodation fees when they move in and settle down in these cities.

People from Beijing's legal circles believe that Beijing has set a precedent in legalizing the collection of city accommodation fees in the form of a local law. Considering its influence on the whole country, what the capital has done will surely serve as a guide to other major cities. It has been learned that six other cities have already decided to follow Beijing's example.

The focus of the heated controversy in Beijing over the "Regulations" lies with worries that Beijing's efforts to curb its population growth will end up restricting the normal flow of talent. A person from the Ministry of Personnel Deployment Department said that the Ministry of Personnel sponsored three national personnel exchange fairs last year and has already set up three regional personnel exchange markets this year in cooperation with local governments. Generally speaking, the policy of encouraging the flow of qualified personnel is a relaxed and open-minded one. Facilitating a rational allocation of human resources is an inexorable requirement of the market economic development and it is also a strategic task that has a great bearing on the future development of our society. In this sense, the implementation of the "Regulations" will undoubtedly exert an immeasurable adverse impact on the country's efforts in this aspect.

An expert from the Ministry of Labor analyzed the possible negative effects of the "Regulations" from

another angle: The move taken by the Beijing authorities will aggravate the phenomenon whereby "people living in one part of the country have their permanent residence registered in another part." This phenomenon has cropped up since the beginning of reform and opening up. At the sight of huge city accommodation fees, those who cannot afford them simply do not bother to register their residence, thus adding more difficulty to our work of curbing the population growth. What is more, the "Regulations" also run counter to the current reform of the household registration system, which mainly features the adoption of identity cadres. As a result, instead of successfully stopping the inflow of migrating population as intended, we will find ourselves providing less room for employer-units to select the best talents they want. The Beidafangzheng Group Corporation has been known for its determined moves to take in outstanding talent at high cost; however, according to its personnel department, the corporation will have no choice but to consider switching to the personnel market of Beijing natives if it is required to pay a handsome sum of money for every nonnative talent it recruits.

With the "Regulations" put into effect, party and government organs, as well as administrative units which rely on the fund allocations of the state finance, will find themselves in a dilemma. The CPC Central Committee Organizational Department and the Ministry of Personnel, which transfer tens of thousands of cadres into Beijing every year, jointly raised the query: Neither the CPC Central Committee nor any state ministries have set aside money for paying city accommodation fees; therefore, failure of the state finance to allocate an additional sum of several hundred million yuan will impair the organizational building of the state power. The Qinghua University noted in its report applying for exemption of city accommodation fees: Provided it pays 20,000 yuan for the registration of every nonnative household in Beijing, the university should spend at least 6 million yuan merely to replenish its teaching forces each year and this is an unbearable economic burden.

On the college campuses, those who find the city accommodation fees unacceptable are mostly students from other parts of the country. The State Education Commission holds the view that the implementation of the "Regulations" is inconsistency with the current reform of the job distribution system of college graduates and the most direct negative effect has already been proved by the drastic decline in demand for graduates of all colleges and universities. For example, there has been no demand so far for the graduates from the Beijing Teacher's University, Beijing Science and Engineering University, and the Beijing Medical University; compared with the situation last year, these universities had already been approached by employer-units with demand for 60 to 70 percent of their graduates. Under such a manmade abnormal situation, colleges and universities find it very hard to carry on their work effectively. Some colleges and universities even believe that

next year's grim employment situation for their graduates is a hidden factor destabilizing the society.

What the policymakers who drafted the "Regulations" failed to predict is the impact exerted on the upbringing and flow of talent at a higher academic level: It seems that no one knows whether or not the past State Council stipulation that doctoral graduates can change their registered residence of both themselves and their families without being subjected to restriction by region or trade still remains applicable to Beijing. The number of post-graduates intending to continue their studies abroad or find jobs in Shanghai and Shenzhen is apparently on the rise. Zhang Guiying [1728 2710 5391], deputy director of the Beijing University Graduate School Students' Affairs Department, expressed her deep regret over the present situation wherein many outstanding post-graduates are asking the university for their school reports to be used for overseas studies merely because they cannot afford the city accommodation fees and, therefore, can see no hope of working in Beijing. Some professors of a number of less common basic studies have the following worry: Considering the already limited employment choices for graduates of these basic studies, if the authorities refuse to "let one side of the net open," how can we expect anyone to take up these basic studies next year?

#### **Where Is the Sound Policy for Curbing the Growth of Urban Population?**

The drastic growth in urban population and the deteriorating situation marked by an overloaded operation of basic urban facilities is a common problem currently faced by all major cities in the country. Viewed from a certain angle, installing the system of city accommodation fees can indeed help bring about a rational flow of the country's population at a rational pace; it can also help balance the country's population at the macrolevel and standardize and rationalize the flow of population.

Why, then, has the Beijing authorities' move to adopt the system evoked so much controversy? According to the analyses of relevant experts from the Chinese Academy of Sciences, as well as a number of colleges and universities, the irrationality of the "Regulations" mainly takes the following two forms:

—The growth of Beijing's migrating population cannot be measured simply by the number of registered households. The abolition of grain and oil rations in recent years has made it possible for large numbers of floating population to remain for a long time in Beijing, living and multiplying in the city, without first obtaining the approval of the relevant authorities in Beijing. That is how a "Zhejiang Village" and the like can become a reality in the suburbs of Beijing. As the main body of Beijing's growing migrating population, this huge million-person colony has produced a heavy pressure which is obvious to all on the total urban supply and social security of Beijing. Therefore, a fundamental way to ease the present pressure on

Beijing's basic urban facilities is to restrain the floating population from seeking employment in the city. For example, limits can be set on the total number of laborers working on the city's construction sites, replacing the "tactics of a sea of people" with the workplace personnel allocation method. To better control the floating population, a temporary residence certificate system can be put into trial operation: the relevant authorities can issue temporary residence certificates to the employed and licensees on the one hand, and impose penalties on units and individuals who hire laborers without temporary residence certificates on the other. Using this method to control the floating population, the government can, by charging 200 yuan per certificate each year, enjoy an additional revenue of over 100 million yuan.

—The policies, laws, and regulations Beijing plans to adopt to curb the growth of migrating population should by no means become obstacles blocking exchanges of able personnel. Occupying a special position as the country's capital, Beijing should realize that its move to reject talent from outside the city by economic means is not only impractical in real life but also detrimental to the efforts the city has made to enhance the overall quality of its population and improve the deployment structure of able personnel. To facilitate a rational deployment of human resources, we should work out different methods for the deployment of able personnel at different levels, even at times when an appropriate restriction on the flow of such people is necessary. For example, by exempting college graduates from the current session who are to work in state-run large enterprises from city accommodation fees, we can help relevant enterprises strengthen their technical force and, at the same time, highlight a particular emphasis in the reform of the distribution system of college graduates. As concerns non-Beijing-native college graduates who are qualified to work in Beijing or have been approved to take up jobs in Beijing, it will be more reasonable in many ways if exemption can be extended to those who are to work in and have already signed service contracts of five years or longer with educational institutes of all kinds at all levels, scientific research institutions, and party and government organs in Beijing. Moreover, by exempting outstanding graduates of all colleges and universities (accounting for 5

of the total) from accommodation fees, we can make it possible for employer-units to select the best and can also arouse the enthusiasm of students in pursuing their academic studies.

So far, the theory of using city accommodation fees to curb the constant swelling of the urban populations, which is currently practiced by several cities in China, has yet to produce apparent results. Today, it remains unpredictable as to whether or not the "Regulations" promulgated by Beijing can gain the approval of all sectors upon consultation before they are put into practice. Generally speaking, it takes constant explorations to

find the right answer to the question as to whether or not city accommodation fees can really become an effective means which can successfully control and regulate the urban scale without detriment to the exchanges of able personnel.

It is noted by Professor Cha Ruchuan [2686 3843 0278] from the Chinese People's University Demographic Department, who is concurrently a Beijing Municipal People's Congress Standing Committee member and who once took part in an examination of and discussion on the "Regulations" and abstained from voting. We need to take steps to control Beijing's growing migrating population, yet the imposition of fees is not the only way to do this. A scientific and rational management of the urban scale must be built on a series of conditions. The reason why a number of foreign metropoles can maintain a normal "inflow and outflow" of their population is that they enjoy the condition of high income and high consumption; in other words, people living in those cities must manage to maintain their income at a certain level, otherwise they will have to move out. From this we can see how important it is to create the necessary conditions.

### **Hebei Holds Report Meeting on 1994 Work**

SK2601025895 *Shijiazhuang HBLIB 10 in Chinese* 6 Jan 95 pp. 1, 3

[EBIS Translated Text] This morning, the provincial party committee held a meeting to report on the work situation at the auditorium of the Shijiazhuang city People's Cultural Palace. Cheng Weigao, secretary of the provincial party committee presided over and addressed the meeting. Ye Liansong, Li Bingiang, Li Zhanshu, and Zhao Changju respectively gave reports to the provincial-level retired veteran cadres and various democratic party and nonparty personages on our province's 1994 economic situation and on this year's economic work, on the efforts to attain the level of moderate prosperity, on the provincial party committee's implementation of the Fourth Plenary Session of the 14th CPC Central Committee, and on the inspection and readjustment of leading bodies of cities, prefectures, and counties.

Xu Yongyue, Lu Chuanzan, Li Wenshan, Han Licheng, Chen Liyou, Wu Yedu, Li Yongjin, Liu Zuotian, Zhang Funshen, Huang Feng, Du Benjie, Zhao Huichen, Ma Xinyun, Yu Zhenzhong, Wang Manqiu, Chen Hui, Song Shuhua, and Zhang Fengjiao attended the meeting and took seats on the rostrum.

During the past year, the provincial party committee and the provincial government led the people across the province to firmly grasp the general tasks of the whole party and the whole country in line with the arrangements of the Party Central Committee and the State Council, correctly handled the relations of reform, development, and stability, and achieved new progress in various undertakings. Party building, particularly the building of leading bodies at all levels, was further

strengthened, the project of attaining the level of moderate prosperity was comprehensively carried out, the national economy continued to maintain a trend of rapid development, and major economic targets increased fairly greatly. Great achievements were made in both the development of reform and social stability. The economic situation of the whole province was good and the situation in some aspects was better than expected. These achievements should not be separated from the earnest cooperation between the democratic party and nonparty personages and the provincial party committee and from the concern and support of the retired veterans, cadres inside the party for the work of the provincial party committee and government. Therefore, in his speech, Cheng Weigao first extended heartfelt thanks to all democratic party and nonparty personages and veteran comrades inside the party for their contributions on behalf of the provincial party committee.

Cheng Weigao pointed out: We attributed last year's good political and economic situation in the whole province and the noticeable results in reform, opening up, and the building of the two civilizations to the efforts of the provincial party committee and the provincial government to unswervingly implement the party's basic line, to persist in regarding the basic work principle of "seizing the opportunity, deepening reform, expanding opening up, promoting development, and maintaining stability" as the general task of the whole province, to adopt a series of measures, and to correctly handle the relations of reform, development, and stability. These achievements not only promoted reform and development but also guaranteed stability. Early last year, the provincial party committee and government analyzed the situation, grasped 12 factors that affected social and political stability, adopted the method of "sharing the work with all levels, and implemented measures for solving problems. After the central authorities' successive issuance of a series of major macroeconomic reform measures, such as the systems of finance and taxation, banking, foreign trade, foreign exchange, investment, price, and circulation, we carefully organized and conscientiously implemented them and guaranteed the smooth progress of all reforms. In order to mobilize the broad masses of peasants to do a good job in rural economy and to realize the objective of attaining a level of moderate prosperity in a better manner, during the first half of last year, 140 counties and districts across the province formulated plans for attaining the better-off level, inspected all county and city level leading bodies, and readjusted some cadres who were not fitted to assume leading posts at the county level. Under the situation in which the macroeconomic environment was quite tight and difficulties were numerous, the industrial front gave priority to invigorating state-owned enterprises, actively conducted activities on "grasping this work and helping enterprises end deficits," comprehensively realized various targets set for increasing the industrial added value, the profits and taxes of industrial

enterprises exercising independent accounting, and technical transformation investment in enterprises owned by the whole people, reducing deficits, and raising the economic efficiency comprehensive index of industrial enterprises exercising independent accounting, and succeeded in gradually reducing enterprise deficits and raising the quality and efficiency of the industrial economy. In opening up to the outside world, we further implemented the "two-way" opening up strategy of "combining Bohai Bay with Beijing and Tianjin, developing export-oriented economy to bring along development in other economic sectors, proceeding with domestic cooperation, and making breakthroughs in introducing investment and technology," substantially increased the actual use of foreign capital, made new breakthroughs in making friends with big clients, holding trade talks, and carrying out big projects, and achieved fairly rapid progress in building various development zones. While unceasingly advancing reform, opening up, and economic development, we actively strengthened the building of socialist spirit civilization. We also upheld the principles of "taking a two-handed approach in work and being tough with both" and of "making resolute efforts first and then sustained efforts," unswervingly grasped anticorruption struggle, kept the leading cadres clean and self-disciplined, investigated and handled a great number of major and appalling cases, and at the same time, continued to check unhealthy trends in various trades. In view of the chaotic situation in the management of the province's construction market and the reality of practicing local protectionism and unhealthy trends in the construction market, we conducted the anticorruption struggle in the construction sphere. Continued efforts were made to implement the principle of "dealing heavy and quick blows," expand the degree of "dealing stern blows," strengthen public security, and enable public security to have noticeable improvement. We dealt blows to criminals and grasped invigoration simultaneously, successively conducted "campaign against pornography and law-breaking acts," and resolutely wiped out all social repulsive phenomena.

In party building, we paid attention to grasping the establishment of the mechanisms of incentive and restraints for cadres, resolutely opposed all unhealthy trends in the work of cadres, and stressed the importance of appraising, selecting, and recruiting cadres according to their morality, ability, achievements, and public opinions. In the assessment of moderately prosperous counties, some outstanding county-level cadres were assigned to the city and prefectural leading bodies and some cadres who were unfitted to assume county-level principal leading posts were adjusted. During the preparations for the change of office term in nine cities, a great number of outstanding cadres were assigned or promoted to important posts, some cadres exchanged their posts and worked in other localities, and a small number of cadres who failed to receive popular support were dismissed from the principal leading posts or leading

bodies. The provincial party committee persisted in unremittingly emancipated thinking to a further extent, unswervingly carried out reform and opening up, persisted in taking a two-handed approach in work and being tough with both, persisted in simultaneously attending to party building and the economy, persisted in grasping cadres to promote the economy, paid special attention to expanding strength in reform of the cadre system, and provided a strong organizational guarantee for successfully carrying out all fields of work.

Cheng Weigao pointed out: As far as Hebei is concerned, the year 1995 is a very important year because it has a bearing on not only the comprehensive fulfillment of the "Eighth Five-Year" Plan and the quadrupling of GNP five years ahead of schedule but also on whether we can achieve a breakthrough progress in making the rural areas attain the level of moderate prosperity. During this year, we should continue to uphold Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and the party's basic line, comprehensively implement the guidelines of the 14th party congress and the Third and Fourth Plenary Session of the 14th CPC Central Committee, firmly grasp the general tasks of the whole party and the whole country on "seizing the opportunity, deepening reform, expanding opening up, promoting development, and maintaining stability," further properly handle the relations of reform, development, and stability, persist in taking economic construction as the central task, strengthen party building and the building of spiritual civilization, democracy, and the legal system, accelerate the establishment of the socialist market economic system, and strive to realize a sustained, rapid, and sound national economic development and a comprehensive social progress. We should carry out the 1995 economic work in line with the central plans and Hebei's reality and prominently grasp three major tasks well while making continued efforts to deepen reform: First, we should resolutely curb inflation and control the rapid rise in commodity prices. Second, we should vigorously strengthen agriculture and guarantee a stable increase in the basic agricultural products and the unceasing increase in the income of peasants. Third, we should deepen enterprise reform, strive to invigorate state-owned large and medium-sized enterprises, and raise the quality and efficiency of economic growth.

Cheng Weigao emphatically stressed that we need a good social environment for realizing a sustained, rapid, and sound economic development. In 1995, we should consciously uphold the principle of "taking a two-handed approach in work and being tough with both," realistically grasp party building, particularly the building of grass-roots party organizations, and enhance the fighting strength of party organizations at all levels. We should continue to promote reform of the cadre system and strengthen the building of leading bodies. We should promote outstanding young cadres with outstanding political achievements and popular support to leading posts in line with the principle of "selecting cadres of

political integrity who are young, better educated, and professionally competent" and the principle of "recruiting cadres with both ability and political integrity," and resolutely readjust those who are poor in character and incompetent and have engaged in bribery, corruption and unhealthy trends. We should regard the work of keeping leading cadres clean and self-disciplined, handling major and appalling cases, and checking unhealthy trends in various trades as the priorities, strengthen the building of party style and administrative honesty, and resolutely eliminate all sorts of corrupt elements. While investigating and handling the great number of major and appalling cases at present, we should overcome resistance and accelerate the handling and conclusion of cases. We should strengthen the building of the socialist spiritual civilization, persist in attaching strategic importance to developing education, science, and technology on a priority basis, and further invigorate the cultural undertakings. Continued efforts should be made to strengthen the building of democracy and the legal system, maintain public security, exert strenuous efforts to grasp the comprehensive management of public security, resolutely deal blows to all sorts of criminal activities, and eliminate all kinds of repulsive phenomena in society. During this year, party committees at all levels should realistically strengthen self-development, conscientiously improve work style, be realistic ideologically, work in a down-to-earth manner, and pay attention to implementing this work. It is necessary to maintain close ties between the party and the masses, care for their living, and solve the practical problems in their production and living. We should strengthen the party's leadership over the people's congress and the committee of the Chinese People's Political Consultative Conference, develop the patriotic united front, fully mobilize the enthusiasm of all sectors, and strive to create a new situation in all fields of work.

Cheng Weigao expressed that during this year the provincial party committee should strengthen self-development under the guidance of Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and the party's basic line, strengthen unity among the leading bodies, and with the active support of the broad masses of people and comrades inside and outside the party, proceed in all cases from the interests of the people, continue to expand the degree of reform and opening up, strengthen the struggle against all kinds of unhealthy trends and evil practices, unite with and forge ahead along with the people throughout the province, and do a better job in Hebei's reform and opening up and in all tasks of building a strong province and making the people prosperous.

Also attending today's report meeting and taking seats on the rostrum were former provincial leading comrades, including Liu Bingyan, Xie Feng, Guo Zhi, Yin Zhe, Liu Ying, Ge Qi, Ding Tingxin, Huang Hua, Zhao Zhuoyun, Zhang Kerang, Wang Yu, Hong Yi, Bai Shi, Li Feng, Xu Chunxing, Xu Rulin, Ma Zhuozhou, Du Jingyi, Wang Enduo, Dai Jinong, and Liu Zhiqi.

Retired veteran cadres at and above the provincial deputy bureau director level, various democratic party and nonparty personages, a total of 1,500 people, attended the report meeting.

### **Herdsmen's Income in Inner Mongolia Improves**

*OW2501151395 Beijing XINHUA in English 1445  
GMT 25 Jan 95*

[FBIS Transcribed Text] Hohhot, January 25 (XINHUA)—Herdsmen in North China's Inner Mongolian Autonomous Region had an average per capita income of 1,664 yuan in 1994, an increase of 18.3 percent over the previous year, adjusted for inflation.

According to statistics, income increased 500 yuan over 1993 in the region, which has almost two million herdsmen in 420,000 families.

Having the largest area of grassland and livestock base in China, the region has used the family responsibility system since the 1980s. Last year, the region raised 57.12 million head of livestock, an increase of 1.34 million over 1993, setting a record for the region.

At the same time, more than 600 markets were established in the region, which also brought prosperity to the herdsmen.

### **Inner Mongolia Communiqué on Tertiary Industry**

*SK1901095195 Hohhot NEIMENGGU RIBAO  
(SUNDAY SUPPLEMENT) in Chinese 1 Jan 95 p 3*

[Statistical Communiqué No. 1 on Inner Mongolia's first survey on the tertiary industry released by the Inner Mongolia Autonomous Regional Coordination Group for the Survey on the Tertiary Industry on 30 December 1994]

[FBIS Translated Text] In June 1993, the State Council decided to conduct the first survey on the tertiary industry throughout the nation. Thanks to the unified leadership of the autonomous regional government, the great attention given by the people's governments at all levels, the great coordination of relevant departments, and the hard efforts and the diligent work of the large number of workers for the survey, notable achievements were won in Inner Mongolia's survey on the tertiary industry for the designated period. Spot inspections showed that the quality of the data provided by the survey was up to the stipulated requirements. The first group of data on the region's survey on the tertiary industry are given as follows:

#### **1. The Number of Units of the Tertiary Industry**

Materials collected from the survey on the tertiary industry showed that by the end of 1992, the region's units engaged in the tertiary industry had totaled 330,300, 100,400 of which were enterprises, institutions, and administrative units, and 229,900 were urban and

rural private household businesses. Among these enterprises, institutions, and administrative units, those exercising independent accounting numbered 60,900, and those whose accounting was done individually numbered 39,500. Compared with 1991, the number of the units engaged in the tertiary industry throughout the region increased by 18.80 percent, with the increase in those exercising independent accounting registered at 6.87 percent, those whose accounting was done individually registered at 8.21 percent, and those in urban and rural individual household businesses registered at 24.57 percent.

In terms of ownership, among the units engaged in the tertiary industry throughout the region, 54,400 were state-owned, accounting for 16.48 percent of the total; 41,500 were collective, accounting for 12.57 percent; and 500 were private, accounting for 0.14 percent, by the end of 1992. Compared with 1991, state-owned units grew by 5.56 percent, collective units by 9.56 percent, and private units by 94.04 percent.

	1992 number	percentage	1991 number	percentage
Total	330,000	100.00	278,060	100.00
State-owned sector	54,438	16.48	51,573	18.55
Collective sector	41,511	12.57	37,893	13.63
Private sector	456	0.14	235	0.08
Individual sector	229,961	69.61	184,607	66.39
Joint management sector	93	0.03	48	0.02
Shareholding sector	54	0.02	27	0.01
Foreign-funded sector	12	—	6	—
Hong Kong-, Macao-, and Taiwan-funded sector	19	—	6	—
Other sectors	3,786	1.15	3,674	1.32

In terms of the branches of the tertiary industry, state organs, party and government organs, and social groups accounted for the largest part, 31.53 percent, of all the 12 branches (excluding urban and rural individual household businesses).

	number	percentage
Total	100,372	100.00
Agricultural, forestry, animal husbandry, fishery service	5,238	5.24
Geological survey and water conservancy management	1,218	1.21
Transportation, warehouse, and post and telecommunication	2,630	2.62
Wholesale and retail trade and catering service	26,893	26.79
Financial service and insurance	4,004	3.99
Real estate service	486	0.49
Social Service	4,605	4.59
Health, Sports, social welfare	4,499	4.48
Education, culture, art, and radio and television service	17,023	16.96
Scientific research and multipurpose technical service	798	0.80
State organs, party and government organs, social groups	31,651	31.53
Others	1,307	1.30

Among the individual household businesses engaged in the tertiary industry, those engaged in commerce accounted for the largest number—51.72 percent—in 1992.

	number	percentage
Total	229,961	100.00
Transportation	51,535	22.41
Commerce	118,933	51.72
Catering trade	18,678	8.12
Service trade	20,690	9.00
Repair trade	14,448	6.28
Other trades	3,677	2.47

In terms of the year the units opened, 223,800 units opened businesses in 1990 or before, 47,600 in 1991, and 58,900 in 1992.

## 2. The Number of Employees of the Tertiary Industry

By the end of 1992, 2,503,200 persons were engaged in the tertiary industry in Inner Mongolia. Of the total, 2,135,200 were employees of enterprises, institutions,

and administrative units, and 368,000 were employees of urban and rural individual household businesses. Among the employees of enterprises, institutions, and administrative units, 1,657,900 belonged to the units exercising independent accounting, and 477,300 belonged to those whose accounting was done individually. Compared with 1991, the total number of the employees of the tertiary industry rose by 8.53 percent, with those of the units exercising independent accounting increasing by 5.48 percent, those of the units whose accounting was done individually increasing by 7.35 percent, and those of individual household businesses increasing by 26.85 percent.

In terms of ownership, by the end of 1992, 1,630,800 persons belonged to the state-owned sector, accounting for 65.15 percent of the total; 484,500 persons belonged to the collective sector, accounting for 19.36 percent; and 4,900 persons belonged to the private sector, accounting for 0.20 percent. Compared with 1991, the employees of the state-owned sector grew by 4.88 percent, those of the collective sector by 8.63 percent, and those of the private sector by 81.48 percent.

	1992 number of employees	percentage	1991 number of employees	percentage
Total	2,503,200	100.00	2,306,500	100.00
State-owned sector	1,630,800	65.15	1,554,900	67.41
Collective sector	484,500	19.36	446,000	19.34
Private sector	4,900	0.20	2,700	0.11
Individual sector	368,000	14.70	290,100	12.58
Joint management sector	1,300	0.05	600	0.03
Shareholding sector	1,100	0.04	600	0.03
Foreign-funded sector	300	0.01	100	—
Hong Kong-, Macao-, and Tai-wan-funded sector	1,300	0.05	900	0.04
Other	11,000	0.44	10,600	0.46

In terms of the 12 branches of the tertiary industry, wholesale and retail trade as well as catering trade had the largest number of employees, who accounted for 26.08 percent of the total, in 1992.

	number of employees	percentage
Total	2,135,200	100.00
Agricultural, forestry, animal husbandry, and fishery service	70,100	3.28
Geological survey and water conservancy management	49,800	2.33
Transportation, warehouse, and post and telecommunication	278,200	13.03
Wholesale and retail trade and catering service	556,800	26.08
Financial service and insurance	69,800	3.27
Real estate service	12,400	0.58
Social service	109,500	5.13
Health, sports, social welfare	124,400	5.83
Education, culture, art, and radio and television service	405,700	19.00
Scientific research and multipurpose technical service	33,900	1.59
State organs, party and government organs, and social groups	363,900	17.04
Others	60,700	2.84

Among the individual household businesses engaged in the tertiary industry, those engaged in commerce had the largest number of employees, accounting for 47.69 percent of the total, by the end of 1992.

	number of employees	percentage
Total	368,000	100.00
Transportation	73,600	20.00
Commerce	175,500	47.69
Catering trade	57,700	15.68
Service trade	32,700	8.80
Repair trade	19,300	5.24
Others	9,200	2.50

In terms of the year the businesses were opened, 2,233,000 persons belonged to the units that opened in or before 1990, 110,600 persons belonged to those opened in 1991, and 159,600 persons belonged to those opened in 1992.

### 3. Income and Expenditure of the Tertiary Industry

Results of the survey showed that in 1992, the business income of enterprises (including the institutions which

implemented the accounting system of enterprises) totaled 18.641 billion yuan, up 18.60 percent from 1991; their sales (business) taxes totaled 971 million yuan, up 17.70 percent; and their business profits totaled 1.563 billion yuan, up 0.32 percent. The expenditure of administrative units and institutions totaled 9.119 billion yuan in 1992, up 16.43 percent from 1991.

In the situation of individual household businesses, the business income of the individual household businesses engaged in the tertiary industry totaled 3.504 billion yuan in 1992, and their tax payment totaled 279 million yuan, up 41.52 and 42.35 percent, respectively, from 1991.

### Northeast Region

#### Liaoning Secretary Speaks at Party Plenum SK2601064795 Shenyang LIAONING RIBAO in Chinese 9 Jan 95 p 1

[By reporter Sun Desheng (1327 1795 3932) "Uphold the Principle of Reform, Development, and Stability, and Win a New Victory in This Year's Work"]

[FBIS Translated Text] The 11th Plenary Session of the Seventh Provincial Party Committee opened in Shenyang on 8 January. During the session, Gu Jinchi, secretary of the provincial party committee, delivered a report on 1994 work on behalf of the provincial party committee and gave an explanation to the "1995 work essentials of the Liaoning Provincial CPC Committee," which was presented to the session for discussion. At the session, the participating members discussed and approved the "work essentials."

Attending the plenary session were members and alternate members of the provincial party committee and leading comrades from the provincial people's congress standing committee, the provincial people's government, and the provincial Chinese People's Political Consultative Conference [CPPCC] committee. Respectively presiding over the plenary session on the morning that day were Wen Shizhen, deputy secretary of the provincial party committee and acting governor of the province; and Wang Huaiyuan, deputy secretary of the provincial party committee.

In his speech entitled "Uphold the Principle of Reform, Development, and Stability, and Win a New Victory in This Year's Work," Gu Jinchi gave a brief review of the 1994 work.

Gu Jinchi stated: In the year of 1994, people across the province upheld the theory of Comrade Deng Xiaoping with regard to building socialism with Chinese characteristics and the party's basic line; united as one in waging struggles; and continuously forged ahead. Over the past year, party organizations at all levels and the broad masses of cadres and people have earnestly implemented the arrangements made by the central authorities and the provincial party committee; conscientiously

grasped the whole situation of "seizing the opportunity, deepening the reform, broadening the opening up, promoting development and maintaining the stability"; and through arduous efforts, have enabled various localities as well as industries and trades to have scored new achievements and progress. Leading cadres have scored new results in shifting their concepts by taking the lead in studying theories. The national economy has achieved sustained, rapid, and healthy development. The construction of party organizations has been enhanced. The work of anticorruption has scored periodical results. The construction of democracy and legal systems, as well as spiritual civilization has been strengthened. Meanwhile, the province still has had many contradictions and problems along with its advancing road, which require us to deal with and to improve them in the new year.

In citing the work of this year, Gu Jinchi stated: The work essentials of the provincial party committee have put forward the guiding ideology for the work this year, which are as follows: We should implement in an overall way the spirit of the 14th CPC Congress and the spirit of the Third and Fourth Plenary Sessions of the 14th CPC Central Committee by regarding as a guidance the theory of Comrade Deng Xiaoping with regard to building socialism with Chinese characteristics and the party's basic line. We should continuously do a good job in holding the whole situation of "seizing the opportunity, deepening the reform, broadening the opening up, promoting development, and maintaining the stability." We should uphold the principle of enforcing the strategy with the export-oriented economy as a driving force by regarding science and technology as a vanguard, the principle of integrating urban areas with rural ones and large enterprises with small ones, and the principle of supplementing each other in strong points and commonly achieving development. We should upgrade in an overall way the quality and effect of economic operation by regarding as an emphasis the work of reinforcing the basic position of agriculture, optimizing the economic structure, boosting the large and medium-sized enterprises, and curtailing the inflation. We should take a two-handed approach to ensure the sustained, rapid, and healthy development of the national economy and to expedite the overall progress in the society. Meanwhile, he defined the major tasks and targets of this year and put forward the demand of making a greater step in readjusting the economic structure; the demand of showing a 10 percent increase in the GNP; the demand of reinforcing the dynamics in reform and opening up; the demand of making marked progress in establishing the systems of socialist market economy; the demand of having the increased scale of prices be lower than the national average level; the demand of further achieving improvement in the livelihood of urban and rural people; the demand of enhancing in an overall way the construction of ideology, organizations, and work style within the party; and the demand of successfully conducting the construction of democracy and legal systems as well as spiritual civilization to maintain the political and social stabilities.

When giving specific explanations on various tasks set in the "work essentials," Gu Jinchi pointed out: Making efforts to study the theory of Comrade Deng Xiaoping with regard to building socialism with Chinese characteristics represents a strategic task undertaken by the entire party. We should be good at applying the theory to directing various activities of practice and prevent them from divorcing utilization from study. In the economic work of this year, we should truly put agriculture in the first position and further reinforce the basic position of agriculture. A good job should be done in conducting industrial production by regarding the work of increasing economic results as a center.

Efforts should be made to adopt every possible way and means to stabilize market prices and to bring inflation under control. Firmly according to the task of boosting the large and medium-sized enterprises, it is imperative to enable the reform of this year to score new results. In conducting opening up, we should enforce the strategy with the export-oriented economy as a driving force; further broaden the fields of opening up; and upgrade in an overall way the level of opening up. We should uphold the principle of taking a two-handed approach and of being tough with both hands, improve the legal systems, and strictly enforce the laws. A good job should be done in building socialist spiritual civilization and correctly grasp the relations among reform, development, and stability. The party should do a good job in conducting its self-improvement and upgrading its level in leadership. All of these represent a key to fulfilling the tasks of reform, opening up, and economic development this year. The province, cities, and 26 counties (county-level cities) ad districts will hold their party congress this year, which will provide favorable opportunities for the province to enhance its party building. In line with the principle of successfully convening the party congress, various localities should summarize their work by seeking truth from facts and define plans for future development. We should train and promote a large number of outstanding and young cadres who have both ability and political integrity and earnestly implement the democratic centralism. While emphatically and successfully building the party's organizations, we should continuously do a good job in conducting the construction of the party's ideology and work style. In building up party style and administrative honesty, we should continuously and realistically do a good job in grasping the task of encouraging party members and leading cadres to be honest and self-disciplined; the task of investigating and handling cases that have violated the discipline and laws; and the task of correcting malpractice.

Gu Jinchi pointed out: In fulfilling the aforementioned targets and tasks, we have many favorable conditions, though we are facing many difficulties. In view of subjectivism, through efforts made by units from top to bottom and through continuous reinforcement and

improvement, the understanding on the plans for economic development has become more and more unanimous. In particular, a common understanding on successfully readjusting the structure that is the main contradiction in the economic operation in the province has taken shape, which has laid a better ideological foundation for us to accelerate the development. Along with the implementation of the spirit of the Forth Plenary Session of the 14th CPC Central Committee, the construction of leading bodies at all levels will be further enhanced, as well as a large number of middle-aged and young cadres who are in the prime of life will gradually assume the leading posts at all levels and will provide an organizational guarantee for accelerating development. In view of objectivism, currently, the province has maintained in general a trend of rapid development in its economy. A number of state-owned large and medium-sized enterprises have begun to reveal their new vitality. In particular, township enterprises have achieved leap-and-bound development and revealed a trend of steady development. The state has regarded as a reform emphasis the task of boosting the state-owned large and medium-sized enterprises this year. This also represents a precious opportunity for the province to achieve development. The province's basic conditions in various fields are still stronger than those of other provinces across the country and it possesses the potential in the capability of accelerating development. The northward emphasis of investments made by foreign firms and businessmen are favorable for the province to enforce the strategy with the export-oriented economy as a driving force. Only by emancipating minds, heightening the spirit, seizing the opportunity, and fully utilizing various favorable conditions will we certainly be able to overcome the difficulties and to create a new situation in the work of the province as a whole.

Gu Jinchi emphatically pointed out: The work tasks of this year have been defined. Whether we can fulfill the anticipated goals depends on whether leadership at all levels can earnestly and truly grasp or realistically do the work. He urged leading cadres at all levels to frequently go deep into grass-roots level units to carry out investigation and study and to free the people from worries. He also urged them to uphold the principle of seeking truth from facts, the principle of opposition to doing things superficially and making fraudulent and boastful reports, and the principle of resolutely overcoming the "excess documents and meetings." He particularly stressed: Under the current situation in which the province is encountering many difficulties in its economy, leading organs and cadres at all levels should pay great attention to developing the fine tradition of waging arduous struggles and to sharing weal and woe with the masses. By no means should they turn the public funds into private expenses. Gifts and cash presented among leading cadres by using the public funds are strictly banned. Efforts should be made to bring the activities of celebrations and festivals under strict control; to simplify the reception work; to prevent extravagance and

waste; and to truly foster the morale of scoring high effects, creating something new, doing things related to practical work, and doing the official work industriously.

**Women's Role in Liaoning's Development Noted**  
*OW2501145195 Beijing XINHUA in English 1345  
GMT 25 Jan 95*

[FBIS Transcribed Text] Shenyang, January 25 (XINHUA)—Twenty million women in northeast China's Liaoning Province have taken part in economic construction since the beginning of the 1990s.

According to the chairwoman of the women's association in the province, Gao Peng, 4.29 million women, or 42 percent of the total number of workers in Liaoning, have played an important role in the development of the market economy.

About 650,000 women have become government officials, accounting for 25 percent of the total government executives. At the same time, more than 1,500 women have become managers of businesses in the cities.

Women have also played an important role in the development of the rural economy. About 3.6 million women have learned one or more skills in agricultural production.

The number of women employed in township enterprises exceeds 670,000, or one out of three of the total number employed. Some 500,000 women have become involved in the private business sector, half of the total self-employed labor force in the province.

**Liaoning's Liaohe Oilfield Raises Production**  
*OW2501050095 Beijing XINHUA in English 0327  
GMT 25 Jan 95*

[FBIS Transcribed Text] Shenyang, January 25 (XINHUA)—The Liaohe Oilfield in northeast China's Liaoning Province verified oil reserves totalling 90 million tons in 1994, more than any other oilfield in China.

An official of the oilfield said that the Liaohe Oilfield, the third-largest in China, pumped 105 million bbl of crude oil in 1994, up nearly six percent over the previous year.

The oilfield also produced 1.8 billion cu m of natural gas last year, a 1.5 percent increase over 1993.

The official also said that a new well capable of pumping seven million tons a year was drilled in 1994.

Thirty-six drilling teams from five other Chinese oilfields won prospecting bids in the Liaohe Oilfield, he said.

### Northwest Region

**Article Views Xinjiang's Desert Control Achievements**

*OW2501141295 Beijing XINHUA in English 0844  
GMT 25 Jan 95*

[FBIS Transcribed Text] Urumqi, January 25 (XINHUA)—A highway runs through the vast Taklimakan

Desert nowadays, testimony to China's dozens of years of painstaking efforts in desert control.

The first two km of the 36-km highway were built after fixing the desert sand and gravel with high polymer, emulsified asphalt concrete and thick brine. It is part of the overall desert control system being established in northwest China's Xinjiang Uygur Autonomous Region.

The highway now serves oil industry development in the region, which claims rich deposits of oil under its Taklimakan and Gurbantunggut deserts.

Xinjiang, with a total of 423,000 sq [square] km of desert, started desert control programs in the 1960s. Nearly 1,000 projects, ranging from agriculture to ecology protection by means of windbreaking, sand fixation, afforestation, highway and railway construction and oil industry development, have tamed much of the vast desert areas.

In Xinjiang 14 desert control centers have been set up, spreading modern technology and scientific methods among local residents.

The Turpan Desert Control Research Station in the Gobi Desert has so far greened about 533 ha. [hectares] of arid land and set up a 13-ha. Plantation, protecting its neighboring 18 villages and townships against desert intrusion. The station has provided 120 tons of seeds of sand-fixing plants and 10 million species of trees for desert control throughout the country.

The station in the Chele County in the south of the Taklimakan Desert has greened a total of 10,000 ha. of arid land and renovated 1,000 ha. of arable land since its foundation in 1984.

The success of desert control in Xinjiang has drawn world attention, and a number of research findings have been widely applied in desert control in Africa and South America.

At present, Sino-Japanese desert control projects involving a total of one billion Japanese yen are under construction in Xinjiang.

**Nationwide 'Project Hope' Paying-Off in Gansu**

*OW2501155395 Beijing XINHUA in English 1248  
GMT 25 Jan 95*

[FBIS Transcribed Text] Lanzhou, January 25 (XINHUA)—The efforts of "Project Hope", a nationwide program aimed at helping drop-outs return to school, have begun to pay off in northwest China's Gansu Province.

Thus far, 22 "Hope" schools have been set up in the province, bringing some 48,000 children back to school.

Donors range from enterprises to government officials, and from old people to small children. The provincial Youth Development Foundation has so far received 340 million yuan in donations.

Government officials at various levels have been taking the lead in making donations for the project, with the sum now totalling 378,000 yuan, helping 1,260 children resume their schooling.

More than 8,500 children in 58 counties of the province have benefited from donations from businesses, amounting to more than two million yuan, with six "Hope" schools having been built.

### **Further Media Coverage on ARATS, SEF Talks**

#### **'Unforeseen' Signing Delay**

*OW2501161495 Beijing XINHUA in English 1605  
GMT 25 Jan 95*

[FBIS Transcribed Text] Beijing, January 25 (XINHUA)—Unforeseen changes took place today in talks between the Association for Relations Across the Taiwan Straits (ARATS) and the Straits Exchange Foundation (SEF), delaying the signing.

Consensus had been reached through concerted efforts on the content and wording of agreements on the issue of repatriation, but the signing, which had already been planned for tomorrow, was left up in the air as of this afternoon.

"As a matter of fact," Tang Shuebi, vice-president of ARATS, said, "ARATS has already prepared itself for the signing of the agreements. But, unexpectedly, there were some changes in the attitude of SEF today and it is Taiwan who should explain the reason."

He noted that the matter of whether the agreements are to be signed or not, and whether it is two that are signed, or three, will be decided by SEF's behavior, and by how Mr. Chiao Jen-ho makes his final decision. Of course, SEF's opinion is determined by the Taiwan side that backs it, he said.

Tang Shuebi said that ARATS hopes that the common understanding reached between the heads of ARATS and SEF at the Taipei talks last August will be honored and the discussion will be held on that basis, because they were achieved after repeated discussions with both sides reiterating that this time the common understanding must be respected.

He said he felt that if both sides adhere to the common understanding, the talks will not be difficult and the agreements can soon be arrived at and signed, but if revisions and adjustments are made in what is commonly understood, then the situation will become complicated.

Tang stressed the point that ARATS will try to sign all three agreements on routine matters. At present, drafts of two agreements have been drawn up and there still exist difficulties in revising the remaining draft. In view of the present situation, he said, it is best to sign three agreements, but if they cannot all be signed, ARATS is willing to sign two.

According to Tang, the contents of this talk include three agreements on routine matters, namely, the issues of cultural, scientific and technological, and economic exchanges, and the discussion of opening express mail service between the two sides of the Taiwan Straits.

"ARATS has always held that the three agreements should be signed and other issues should be discussed, as well," he said, explaining that "The signing of the agreements cannot be set as a prerequisite for the discussion of other issues."

Chiao Jen-ho, vice-chairman and secretary general of SEF, told reporters that he has not reached a definite decision with Tang Shuebi as to whether the agreements would be signed tomorrow or not. But he said that he shared the same wish with Tang and had the hope that the three agreements could be signed at the same time.

He said that both sides hope that no adjustments will be made to the wording of the common understandings, but SEF hopes to clarify the places which are open to doubt.

Chiao claimed that both sides had agreed upon several different verbal usages in the agreements this afternoon. But the final decisions will not be made until both sides report to their related departments, he said.

Tomorrow is the last day of the Beijing talks and the two bodies will hold their discussion according to the schedule.

#### **Talks Flounder Over Fishing Dispute**

*HK2601075095 Beijing CHINA DAILY in English 26  
Jan 95 p 1*

[By Sun Shangwu: "ARATS, SEF Still Caught on Fishing Disputes"]

[FBIS Transcribed Text] Ongoing negotiations between two non-governmental organizations across the Taiwan Straits bogged down yesterday over some disagreements on one of three issues—the settlement of fishing disputes.

It's uncertain whether the two non-governmental organizations would sign agreements today.

On Tuesday, negotiators on both sides expressed confidence in signing at least two agreements on the repatriation of airplane hijackers and illegal immigrants. Problems involving the content and wording of these two issues have been settled.

Sun Yafu and Shi Hwei-you, two deputy secretary generals of the mainland's Association for Relations Across the Taiwan's Straits (Arats) and Taiwan's Straits Exchange Foundation (Sef), yesterday morning held talks over the settlement of fishing disputes but achieved no results.

To hasten a solution, Arats Vice-Chairman Tang Shuebi and his Sef counterpart Chiao Jen-ho initiated a new round of talks on this issue yesterday afternoon. But by the end of the day they still had made little progress.

Tang told a news briefing that Arats had prepared to sign the agreements but he said "something unexpected happened anyway" when Sef attitudes changed.

"Whether or not signing the agreement and how many agreements would be signed all depend on Sef's behaviour and thinking," he said.

"It is good for us to sign two agreements (of the repatriation of airplane hijackers and illegal immigrants)," said Tang. "Of course, if we could sign three, it is even better."

Both sides expressed that they would make a last-ditch effort to solve the problem today, when the five-day Tang-Chiao meeting is scheduled to end.

**Talks Bog Down Over Fishing Disputes**

*OW2601063195 Taipei CNA in English 0306 GMT 26 Jan 95*

[By Ho Ching-ping & Benjamin Yeh]

[FBIS Transcribed Text] Beijing, Jan. 25 (CNA)—The ongoing talks on technical affairs between Taiwan and Mainland China bogged down Wednesday [25 January] over the resolution on fishing disputes, spoiling the upbeat sentiment that prevailed during the first three days of discussions.

The morning session progressed smoothly until it touched on the range of waters "official boats" from both sides should be allowed to sail in the handling of fishing disputes [sentence as received]

Sun Yafu, deputy secretary-general of the Association For Relations Across the Taiwan Strait (ARATS) maintained that there was no need to make an exact definition of water boundaries in a written agreement because both sides have a "tacit understanding" on the issue.

The tacit understanding is that there is an imaginary middle line on the Taiwan Strait that may not be breached by police and military vessels from either side.

But Hsu Hui-yu, the deputy secretary of the Straits Exchange Foundation (SEF), insisted that the allowable waters be clearly stipulated in the agreement in order to avoid maritime conflicts.

SEF and ARATS are the semi-official intermediary bodies created to handle private exchanges between the two sides in the absence of official contacts.

On Tuesday the two sides exchanged draft copies of agreements on the repatriation of Mainland Chinese hijackers and illegal immigrants—two of the three key issues on the agenda of their seventh round of technical talks. The two agreements are scheduled to be signed on Thursday.

SEF Vice Chairman Chiao Jen-ho said he will make a last try at resolving the fishing disputes issue when he meets ARATS Vice Chairman Tang Shuei Thursday morning.

Chiao said he hopes the three agreements can be signed simultaneously, while Tang said he would link the two other accords regardless of whether an agreement over fishing disputes is reached.

During the fourth day of talks, the SEF delegation recommended that both sides be allowed to set up media outlets in the other's territory, but ARATS negotiators had no response to the proposal.

On the economic front, the SEF demanded better protection of Taiwan businessmen on the mainland. "The fundamental human rights of Taiwan investors have to be safeguarded," stressed SEF Deputy Secretary-General Shih Chi-ping.

Taiwan enterprises have invested more than US\$10 billion on the mainland, making it a leading foreign capital supplier there. Taiwan has repeatedly asked that an agreement on the safeguarding of the interests and rights of Taiwan investors be drawn, but Beijing has so far been cool to the demand.

**Life Sentences 'Upheld' for Former Hijackers**

*OW2501223295 Taipei CNA in English 1010 GMT 25 Jan 95*

[By Debbei Kuo]

[FBIS Transcribed Text] Taipei, Jan. 25 (CNA)—The Taiwan Supreme Court on Wednesday upheld life sentences for three former "freedom seekers" from Mainland China who were convicted of kidnapping and murder.

Juo Changjen, Shih Siao-ning and Chiang Hungjun, three mainland Chinese men who hijacked a Chinese airliner to South Korea in May 1983 and came to Taiwan months later, were arrested in August 1991 for kidnapping and killing Wang Chun-chieh, a real estate broker in Taipei.

Juo, Shih, and Chiang kidnapped Wang, who maintained a business relation with Juo on Aug. 15, 1991. The trio, led by Juo, extorted NT\$ [new Taiwan dollar] 50 million (US\$1.9 million from Wang's father who was the vice president of the Cathay [as received] General Hospital. Then he killed Wang and dumped his body in the mountains.

Only Shih and Chiang appeared at Wednesday's court hearing while Juo refused to attend in protest against "Taiwan's unjust judiciary practices."

The defendants pleaded not guilty and said they will appeal again.

During previous court hearings, Chian admitted that the group had attacked Wang at Juo's residence after they had a fight over the commission from a land deal. Chiang confessed that he attacked Wang and Wang left a shoe print on the wall during the fighting. The judges said that the shoe print was key to solving the murder.

The defendants attorney, meanwhile, argued that his clients had been violently forced by police to give a false confession.

The two, along with three other mainlanders, hijacked a mainland airliner to South Korea and were later sent to Taiwan where they were warmly accepted as "freedom seekers."

**Opposition Head Notes Importance of Polls**

*OW2601041295 Taipei CNA in English 0113 GMT 26 Jan 95*

[By Victor Lai]

[FBIS Transcribed Text] Tokyo, Jan. 25 (CNA)—Shih Ming-teh, chairman of the Democratic Progressive Party

[DPP], said in an interview with the NIHON KEIZAI SHIMBUN Wednesday [25 January] that his party will place more emphasis on the 1995 legislative elections than on the 1996 presidential race.

Shih noted that the Legislative Yuan's role has become more important in Taiwan's politics, and if no party control a simple majority of the seats, then "the possibility is very high that a coalition government joined by the DPP will be born."

Asked whether the DPP will declare independence if it gains power, Shih said that "Taiwan is already independent. There's no change in the party's position that Taiwan is not part of the People's Republic of China [ROC]."

Even when his party gains the power, he said, questions concerning about national flag and the country's name will be decided through a plebiscite. "If 50.1 percent of the residents want to maintain the existing status quo, we will completely respect such a willingness."

Shih said President Li Teng-hui should not seek reelection in next year's presidential election.

Shih said the president's role to implement democratization and Taiwanization has already been accomplished.

#### **Voters Favor TV Debates in Future Campaigns**

OW2601061295 Taipei CNA in English 0218 GMT 26 Jan 95

[By Bear Lee]

[FBIS Transcribed Text] Taipei, Jan. 25 (CNA)—More than 70 percent of Taiwan citizens favor the proposal for TV debates as part of campaign activities for future presidential elections, according to a CENTRAL NEWS AGENCY poll.

The National Assembly last year amended the Constitution, mandating the popular election of ROC [Republic of China] president. The first such election is likely to be held next year.

In addition, about the same number of people said political candidates should be required to have a certain level of education before they are allowed to run, according to the Dec. 23-24 random telephone survey of 1,192 people.

The cabinet is now screening a draft regulation governing the elections of ROC president and vice president.

More than 34 percent of those polled said any presidential candidate should have to win the endorsement of a certain number of eligible voters in a process sponsored by election authorities before being allowed to run while 32 percent of the respondents said they are not in favor of any endorsement requirement.

More than half of the respondents said that what they most care about when casting ballots is the candidates themselves, rather than their party affiliation.

On the major political parties, the ruling Kuomintang won the most support—or 24 percent—of the respondents, while the major opposition Democratic Progressive Party received 7.7 percent support and the Chinese New Party, 6.5 percent.

A majority of the respondents—53 percent—said they either dislike or would like to remain neutral from the three parties.

The CNA poll has a margin of error of 2.8 percentage points.

#### **Army 'Beefing Up' Deployment Capacity**

OW2501171895 Taipei CNA in English 0931 GMT 25 Jan 95

[By Debbie Kuo]

[FBIS Transcribed Text] Taipei, Jan. 25 (CNA)—The first 20 M60 A3 tanks the Republic of China [ROC] Army ordered from the United States are scheduled to be delivered in April, beefing up the Army's battlefield deployment capacity.

The Army placed an order with the US Army for 160 M60A3 tanks to replace its aging artillery equipment, according to Lt.-General Chang Kwang-ching, deputy commander-in-chief of the Army.

Twenty of the tanks will be delivered in April and the remaining 140 M60s will be delivered within two years.

In addition, Chang said, some 550 locally-developed M48H and M48A3 tanks have been commissioned since last June, further strengthening the Army's battle tank force.

In a plan to boost the Army's anti-invasion capabilities, the Army started taking delivery of the AH-1W Supercobra helicopter gunships and OH-58D Advanced Scout helicopters from the United States in 1993, Chang added.

The 42 AH-1W Supercobra gunships and 26 OH-58D Scout helicopters, which can swiftly transmit digitized information about a target to gunships or artillery units on the ground, have added an airborne assault arm to the Army, elevating its overall combat capabilities, he said.

Meanwhile, the ROC Army's second company of Sky Bow missiles was officially commissioned late last year at a southern Taiwan base.

The locally-developed surface-to-air Sky Bow missile is an all-weather, all-aspect, active radar homing missile that is able to identify and intercept targets before they come within visual range. It is also capable of tracing over 100 targets at one time, Chang said.

The first company of Sky Bow missiles, capable of intercepting Mainland China's (Russian-made) Sukhoi-27 [Sukhoi Su-27] fighters, was deployed in October, 1992 at a beach base in northern Taiwan, according to Chang.

### Tokyo Group Urges More Exchanges With Taiwan

*OW2601041395 Taipei CNA in English 0142 GMT 26 Jan 95*

[By Victor Lai]

[FBIS Transcribed Text] Tokyo, Jan. 25 (CNA)—The Japan Forum on International Relations presented a series of policy recommendations on Japan's relations with Beijing to Prime Minister Tomiichi Murayama on Wednesday [25 January].

One of the 12 recommendations calls for increased exchanges between Japan and Taiwan, including exchanges of high-level government officials. It notes that Taiwan "has peacefully achieved democratization" and has become "an important element in the stability and prosperity of Asia," deserving "high praise as a model of development for the rest of the world."

Taiwan has participated in a number of international economic organizations under the name "Chinese Taipei," and "that is a clear sign that the international community cannot do without Taiwanese participation," the recommendation says.

Japan has respected the common "one-China" position of Mainland China and Taiwan, it says, but as "necessity dictates, Japan should increase exchanges with Taiwan, including that between high-level government officials."

The report says Taiwan has used political exchanges with Japan and the United States to try to gain international recognition as a political entity.

It states that Taiwan and Mainland China are expected to lobby Japan harder in coming years, and that Japan should not make the mistake of becoming entangled in the Mainland China-Taiwan dispute over Taiwan's

political status because that would divide public opinion in Japan and in the end invite resentment from both China and Taiwan.

Japan's role, the report says, should be to urge Mainland China and Taiwan to resolve their differences as soon as possible through negotiations rather than making maneuvers toward Japan.

The Japan Forum on International Relations, a private research group formed in 1987, spent one and half a years formulating the 12 policy recommendations through discussions with specialists and researchers from Japan, the United States and Mainland China.

### Trade With ASEAN Up 20.1 Percent in 1994

*OW2501171995 Taipei CNA in English 0921 GMT 25 Jan 95*

[By Danielle Yang]

[FBIS Transcribed Text] Taipei, Jan. 25 (CNA)—Taiwan's foreign trade with the Association of Southeast Asian Nations (ASEAN) continued to grow last year, according to the Ministry of Economic Affairs' Statistics Department Wednesday.

Taiwan's exports to the five ASEAN nations topped US\$10.68 billion last year, up 20.1 percent and accounting for 11.5 percent of Taiwan's total exports.

Imports from the five ASEAN countries totaled US\$8.421 billion in 1994, an increase of 24.5 percent and accounting for 9.9 percent of total imports, the statistics showed.

The US\$2.26 billion trade surplus with the group represented a 6.1 percent growth from 1993, mainly caused by a 27.3 percent increase in trade surplus with Thailand and a drastic decrease in deficit with Malaysia as well as more investment from Taiwan to ASEAN nations.

Increased investment in the region will help fuel Taiwan exports of materials, parts and components, and machinery equipment, the department added.

The five ASEAN countries include Thailand, Malaysia, Indonesia, Singapore and the Philippines.

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